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U. S. DEPARTMENT OF AGRICULTURE

Volume II

EXPLANATORY NOTES
for
DEPARTMENT OF AGRICULTURE
Fiscal Year
1961

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COMMODITY STABILIZATION SERVICE

Purpose Statement

The Commodity Stabilization Service was established by the Secretary of Agriculture on November 2, 1953 under the authority of section 161 of the Revised Statutes (5 U.S.C.22), Reorganization Plan No. 2 of 1953, and other authorities. The Service carries on the following principal programs:

1. Acreage Allotments and Marketing Quotas. The Agricultural Adjustment Act of 1938, as amended, authorizes production adjustment for designated basic commodities (tobacco, peanuts, wheat, cotton and rice) through acreage allotments, and the adjustment of supplies through marketing quotas when supplies reach specified levels in relation to normal demand.

Compliance with acreage allotments (including marketing quotas when they are in effect) has been made a requirement for eligibility for price support under the provisions of the Agricultural Act of 1949. Excess marketing of commodities which are under quotas is subject to penalties. The activities required to carry out this program include collecting and compiling farm acreage history, determining normal yields, establishing acreage allotments, preparing and issuing allotment notices and marketing cards, measuring and computing acreages, and holding local referendums.

This appropriation also finances the Defense Food Program which is carried on under authority of the Defense Production Act of 1950, as amended, and related legislation.

2. Sugar Act Program. The chief objective, set forth in the Sugar Act of 1948, as amended, is "to protect the welfare of consumers of sugars and those engaged in the domestic sugar-producing industry." This involves (a) determination of U. S. consumption requirements; (b) administration of quotas to regulate imports of sugar produced in foreign areas, as well as marketing of sugar produced in domestic areas; and (c) payments to domestic producers of sugar beets and sugar cane, provided producers comply with certain labor, wage, price, and marketing requirements prescribed by law.

The Service also carries out the United States responsibilities under the International Sugar Agreement which is designed to contribute to stabilization of the world sugar economy.

3. Conservation Reserve Program. The Conservation Reserve Program authorized by the Soil Bank Act is a long-range program under which farmers voluntarily contract to take cropland out of production for a specified number of years and devote it to conservation uses. In return the farmer receives (a) an annual rental payment for the contract period, and (b) assistance in either cash or conservation materials and services for carrying out approved conservation practices on the reserved acreage. Farmers may plant the reserved acreage to approved grasses, legumes, or trees, or devote it to soil-water-forest or to wild life conservation practices. They may not harvest a crop from the reserved acres or graze them, except when authorized in emergencies.

4. Commodity Credit Corporation Program Activities. Various price support and related programs have been authorized in numerous legislative enactments since the early 1930's. Operations under these programs are financed through the Commodity Credit Corporation. Personnel and facilities of the Commodity Stabilization Service are utilized in the administration of programs of the Commodity Credit Corporation, and the Administrator of the Service is also Executive Vice-President of the Corporation. These Corporation activities include:

- a. Price Support and Related Programs. Under existing legislation, price support is mandatory for basic and specific nonbasic commodities and permissive for others. Support is carried out through loans, purchase agreements, direct purchases, or a combination of these methods. Commodities acquired through price support operations are disposed of through various outlets pursuant to specific authorities, the main emphasis being on domestic and export sales for dollars. Other outlets include transfers to other Federal agencies, donation through domestic and foreign relief programs, sales for foreign currencies, barters, and payments-in-kind. Storage facilities operations are carried out through (1) purchasing and maintaining granaries and equipment for care and storage of Corporation-owned or -controlled grain in areas where commercial storage facilities are inadequate; and (2) making loans for construction or expansion of farm-storage facilities.
- b. Supply and Foreign Purchase. Foods and products thereof are procured to supply the requirements of other Government agencies; foreign governments; and international relief organizations.

5. Special Activities. Funds and facilities of the Corporation also are used to carry out surplus disposal programs and other special activities outside of the regular functions of the Corporation, pursuant to specific statutory authorizations and directives. Appropriations are made to reimburse the Corporation for its costs incurred in connection with the following activities:

- International Wheat Agreement;
- Emergency famine relief to friendly peoples (Title II, Public Law 480);
- Sales of surplus agricultural commodities for foreign currencies (Title I, Public Law 480);
- Transfer of bartered materials to supplemental stockpile;
- Transfers of Commodity Credit Corporation grain to Interior for migratory waterfowl;
- Grading and classing activities (tobacco and cotton); and
- National Wool Act (permanent appropriation)

Additional information on the price support and related activities of the Commodity Credit Corporation and the Special Activities carried out through the Corporation will be found in the CCC and Special Activities sections of these Explanatory Notes.

6. Work Performed for Others. The Commodity Stabilization Service performs certain services for other Federal agencies on an advance or reimbursable payment basis. These consist primarily of the following:

- a. Agricultural Conservation Program, including Emergency Conservation

Measures. These programs are administered at the State and county levels by the Service through the Agricultural Stabilization and Conservation (ASC) State and county committees, as directed by section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended.

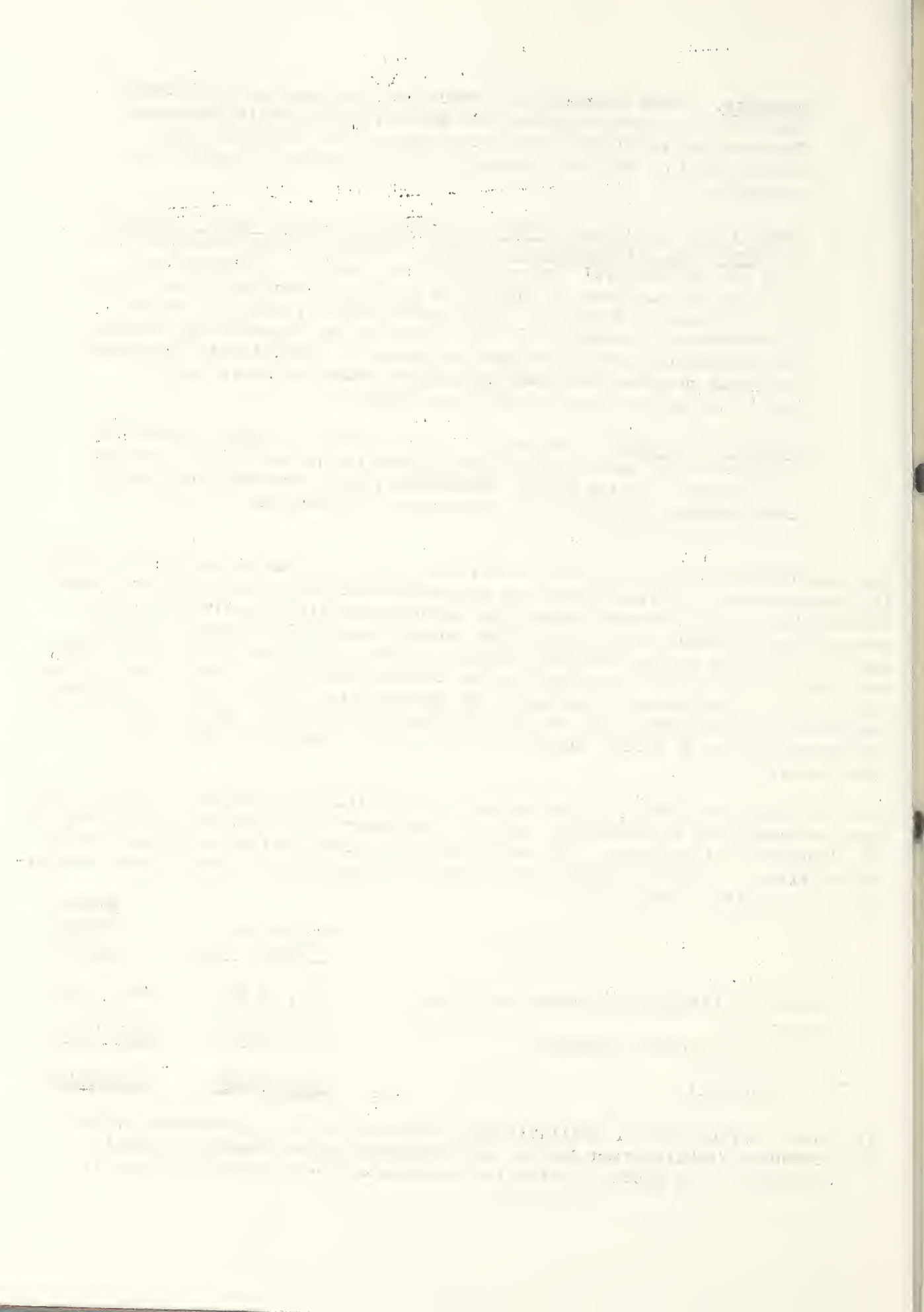
- b. Removal of Surplus Agricultural Commodities, School Lunch Program, and Marketing Agreements and Orders. Pursuant to an annual agreement with the Agricultural Marketing Service, funds are advanced for carrying out purchase and diversion programs authorized under section 32 of the Act of August 24, 1935; procurement of commodities for distribution to schools for utilization in the School Lunch Program; and furnishing information and assistance at local levels in connection with proposed marketing agreements under the Agricultural Marketing Agreement Act of 1937, as amended.
- c. Aerial Photographs. The Service enters into cooperative agreements with State and local public agencies for the procurement of aerial photographs. Copies of all photographs, made primarily for use in conservation and production adjustment programs, are available for sale to the public.

The Commodity Stabilization Service carries on its programs in the field through (a) seven commodity offices which are responsible primarily for functions under CCC programs such as transportation and warehousing, fiscal activities, and commodity procurement and merchandising within their assigned areas, and (b) the ASC State and county committees which are responsible for the local administration of a variety of programs dealing directly with the farmer. Through the farmer-elected ASC county committees, the Service also obtains recommendations and advice in the formulation of program plans and policies. There are ASC State Committees in the 50 States and Puerto Rico, and a total of 3,056 county committees.

As of November 30, 1959, the Service had 8,124 full-time employees, 1,832 of whom were in Washington divisions and offices (and their field offices), 4,372 were in the Commodity Offices, and 1,920 in Agricultural Stabilization and Conservation State offices. The ASC county offices had 27,647 man-years of non-Federal employment in the fiscal year 1959.

	Appropriated, 1960	Budget Estimate, 1961
Acreage Allotments and Marketing Quotas	\$39,135,000	\$40,135,000
Sugar Act	71,500,000	74,500,000
Conservation Reserve Program	335,000,000	361,783,000
Total a/	<u>445,635,000</u>	<u>476,418,000</u>

a/ Funds appropriated or available for other activities administered by the Commodity Stabilization Service are presented in the Commodity Credit Corporation and Special Activities sections of these Explanatory Notes.



Summary of Appropriations, 1960, and Estimates, 1961

Appropriation Item	: :Appropriated, : 1960	: : Budget : Estimates, : 1961	: : Increase (A)
Acreage allotments and marketing quotas	\$39,135,000:	\$40,135,000	: /\$1,000,000
Sugar Act program	71,500,000:	74,500,000	: /3,000,000
Conservation reserve program	335,000,000:	361,783,000	: /26,783,000
Total direct annual appropriations or estimates a/	445,635,000:	476,418,000	: /30,783,000

a/ Funds appropriated or available for other activities administered by the Commodity Stabilization Service are presented in the Commodity Credit Corporation and Special Activities sections of these Explanatory Notes.

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(a) Acreage Allotments and Marketing Quotas

Appropriation Act, 1960, and base for 1961	\$39,135,000
Budget Estimate, 1961	<u>40,135,000</u>
Increase	<u><u>\$1,000,000</u></u>

SUMMARY OF INCREASES AND DECREASES, 1961

Decrease due to eliminating funds for liquidating corn acreage allotment program	-108,205
Increase to provide funds for checking 75% of the 1961 crop of upland cotton by June 30, 1961	<u>\$1,108,205</u>

PROJECT STATEMENT

Project	1959	1960 (estimated)	Increase	1961 (estimated)
Acreage allotments and marketing quotas <u>a/</u>	\$41,708,980	\$39,135,000	<u>\$1,000,000(1)</u>	\$40,135,000
Unobligated balance	6,020	- -	- -	- -
Total employee health benefit costs (P.L. 86-382) .	<u>1- -7</u>	<u>1- -7</u>	<u>1748,1007</u>	<u>148,1007</u>
Total available or estimate	41,715,000	39,135,000	<u>\$1,000,000</u>	<u>40,135,000</u>
Transferred from "Conservation reserve program, Commodity Stabilization Service"	<u>-2,000,000</u>	- -		
Total appropriation or estimate	<u>39,715,000</u>	<u>39,135,000</u>		

a/ Represents obligations. Applied costs for 1959 are \$41,753,172. The difference of \$44,192 reflects the excess of printing orders received and used in 1959 over orders placed in that year.

INCREASES AND DECREASES

(1) The net increase of \$1,000,000 is composed of:

(a) A decrease of \$108,205 for corn acreage allotments which eliminates all funds provided for liquidating the program in the fiscal year 1960. In a referendum held December 15, 1958, 71.1 % of the producers in the 1958 commercial corn-producing areas favored elimination of corn acreage allotments beginning with the 1959 crop. Therefore, no commercial corn-producing area or acreage allotments have been established since that time.

(b) A net increase of \$1,108,205 for cotton acreage allotment and marketing quota work consisting of:

1. An increase of \$1,475,450 for measuring cotton acreage. This increase is necessary to provide sufficient funds for checking 75% of the 1961 upland cotton crop by June 30, 1961. The marketing year for cotton produced in the 1961 crop opens on August 1, 1961. Marketing cards must be issued before the market opens so that the farmers can sell their cotton without having to obtain a certificate

for each lot of cotton sold, which would disrupt orderly marketing as well as add to the administrative costs met from this appropriation. As an essential condition to the issuance of marketing cards to farmers, it is necessary that ASC county office personnel check each farm to assure that plantings are within the acreage allotted. Past experience has proven that it is essential to check at least 75% of the allotted acreage prior to June 30 of each fiscal year, and to check performance on the remaining 25% of the acreage prior to the start of the marketing year (August 1) with funds available in the succeeding fiscal year's appropriation.

The requested increase would make it possible for the ASC county office personnel to do this with respect to the 1961 upland cotton crop most efficiently and would avoid the issuance of marketing certificates and the attendant inconvenience or delay to some farmers in the marketing of their 1961 crop

Of the total of \$39,135,000 provided in the 1960 Appropriation Act, \$5,952,300 has been programed for the expenses of the ASC county offices in performance checking of cotton acreage. The requested increase of \$1,475,450 would provide a total of \$7,427,750 for this work in fiscal 1961. The following table illustrates how these sums, together with an anticipated 1960 supplemental of \$1,666,800 proposed in the 1961 Budget would be used in performance checking on the 1959, 1960 and 1961 cotton crop acreage.

Agricultural Stabilization and Conservation
County Committee Expenses
for
Cotton Acreage Performance Checking

Crop and Acreage To Be Checked	1960 : Appropriation: : Act	1960 : Anticipated: : Supplemental:	1961 : Budget : Estimate
1959 Crop - 4,190,000 acres or 25% of the 16,760,000 acres subject to per- formance checking not checked in fiscal 1959, but checked in fiscal 1960	\$1,904,750		
1960 Crop - 16,760,000 acres subject to performance checking: 8,904,000 acres (53%) financed from currently available funds .	4,047,550		
3,666,000 acres (22%) to be fi- nanced from 1960 supplemental ..		\$1,666,800	
4,190,000 acres (25%) to be fi- nanced from 1961 appropriation .			\$1,904,750
1961 Crop - 15,740,000 acres estimated to be subject to performance check- ing: 11,810,000 acres or 75% to be fi- nanced from 1961 appropriation (Remaining 3,930,000 acres or 25% to be checked in fiscal year 1962)			5,523,000
Totals	5,952,300	1,666,800	7,427,750
Increase over 1960 funds currently available			\$1,475,450
Decrease from total 1960 funds anticipated to be available			-367,245

A compilation of the total cotton allotment acres for the 1959, 1960 and 1961 crops, and fiscal years in which the performance checking will be done follows:

Total Crop Acreage To Be Checked

	<u>1960 Crop</u> (Thousand acres)	<u>1961 Crop</u> (Thousand acres)
Minimum national acreage allotment	16,000	16,000
National reserve	310	310
Estimated choice (B) increase	1,020	- -
Total allotment acres	17,330	16,310
Deduct estimated acres in Conservation Reserve	570	570
Total allotment acres subject to checking	16,760	15,740

Performance Checking by Fiscal Years

	<u>1959</u> <u>Fiscal Year</u>	<u>1960</u> <u>Fiscal Year</u>	<u>1961</u> <u>Fiscal Year</u>	<u>1962</u> <u>Fiscal Year</u>	<u>Total</u>
1958 Crop	5,030	- -	- -	- -	
1959 Crop	12,570	4,190	- -	- -	16,760
1960 Crop	- -	12,570 ^{a/}	4,190	- -	16,760
1961 Crop	- -	- -	11,810	3,930	15,740
Total	<u>17,600</u>	<u>16,760</u>	<u>16,000</u>	<u>- -</u>	

^{a/} Contingent upon enactment of 1960 supplemental estimate of \$1,666,800 to check an additional 3,666,000 acres or 22% of the 1960 acreage.

2. The increase of \$1,475,450 discussed above will be offset in part by a decrease of \$367,245 in ASC county office expense due to reduced workload for other than performance checking on cotton. The decrease in ASC county office expense is due to reduced workload resulting from the termination of alternate choice programs for cotton. The Choice B plan authorized by the Agricultural Act of 1958 under which cotton producers may elect to take an increase of not to exceed 40% in their acreage allotments, coupled with a 15% parity reduction in price support, will not apply to the 1961 or subsequent crops. Work to be eliminated includes (1) calculating individual farm allotments under both Choice A and Choice B, (2) preparing and issuing two sets of notices each containing alternative choices, and (3) maintaining double entries on individual farm records.

If the anticipated 1960 supplemental is taken into account, the appropriation of \$40,135,000 requested for fiscal year 1961 represents a decrease of \$666,800, rather than an increase of \$1,000,000, from the total of \$40,801,000 required in the fiscal year 1960.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses to formulate and carry out acreage allotment and marketing quota programs * * * of which not more than /\$6,886,300/ \$6,934,400 shall be transferred to the appropriation account "Administrative expenses, section 392, Agricultural Adjustment Act of 1938."

The proposed change increases the amount which may be transferred to the Appropriation account "Administrative expenses, section 392, Agricultural Adjustment Act of 1938" by \$48,100 to meet employee health benefit costs pursuant to Public Law 86-382. A full explanation of the health benefit cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

STATUS OF PROGRAM

Acreage allotment and marketing quota programs have been announced for the 1960-crops of flue-cured and Maryland tobaccos, peanuts, wheat, cotton, and rice. Quotas will be proclaimed not later than February 1, 1960, for the 1960 crops of burley, fire-cured, dark air-cured, Virginia sun-cured, cigar binder, and cigar filler and binder tobaccos.

The Agricultural Act of 1958, P. L. 85-835, approved August 28, 1958, amends the provisions of the Agricultural Adjustment Act of 1938, as amended, relating to cotton acreage allotments and marketing quotas and corn acreage allotments.

With respect to the 1959 and 1960 crops of cotton the Secretary is authorized and directed to offer the operator of each farm for which an allotment is established under section 344 of the Agricultural Adjustment Act of 1938, as amended, a choice of (A) the farm acreage allotment determined pursuant to such section and price support determined pursuant to section 101 of the Agricultural Act of 1949 or (B) the farm acreage allotment determined pursuant to section 344 of the Agricultural Adjustment Act of 1938, as amended, increased to by not to exceed 40% and price support at a level which is 15% of parity below the level of support established for producers who elect choice A.

With respect to corn, the Agricultural Act of 1958 provided for a referendum of producers of corn in 1958 in the commercial corn-producing area to determine whether such producers favored a price support program under such Act for the 1959 and subsequent crops, in lieu of acreage allotments as provided in the Agricultural Adjustment Act of 1938, as amended, and price support as provided in section 101 of the Agricultural Act of 1949, as amended. In a referendum held November 25, 1958, a majority of the producers voted in favor of price support under the Agricultural Act of 1958. Corn acreage allotments, therefore, have not been established for the 1959 and subsequent crops.

TOBACCO ACREAGE ALLOTMENTS AND MARKETING QUOTAS (953 counties)

The marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, treat each kind of tobacco as if it were a separate commodity. Quotas must be proclaimed (not later than December 1 of any marketing year with respect to flue-cured tobacco and February 1 with respect to other kinds of tobacco) whenever the total supply at the beginning of the marketing year exceeds the reserve supply level.

However, a quota may not be proclaimed for any year within a 3-year period for which quotas have been disapproved if producers have disapproved quotas for 3 years in succession after 1952, unless one-fourth or more of the farmers engaged in producing such tobacco prior to November 10, petition the Secretary of Agriculture to proclaim a quota.

The marketing quota proclamation specifies in pounds of tobacco the quantity which may be marketed during the next following marketing year. It is an amount which will make available for marketing during that year, a supply equal to the reserve supply level. The Secretary is authorized to convert the State poundage quota into a State acreage allotment on the basis of average yield per acre of tobacco in the State during the five years preceding the year in which the quota is proclaimed with appropriate adjustments for abnormal conditions of production.

Quotas proclaimed for 1958 and 1959 are as follows:

<u>Kind of Tobacco</u>	<u>Number of Pounds</u>		<u>Approx. No. of Acres</u>	
	<u>1958</u>	<u>1959</u>	<u>1958</u>	<u>1959</u>
	(1,000 lbs.)			
Flue-cured <u>a/</u>	978,400	1,014,000	713,500	714,327
Burley	476,000	492,000	309,600	309,919
Fire-cured (Types 22-24)	44,200	46,250	32,731	32,751
Fire-cured (Type 21)	10,299	11,119	9,106	9,114
Dark air-cured	22,100	22,676	15,800	15,805
Virginia sun-cured	3,814	4,106	4,196	4,202
Cigar filler and binder (types 42-44, 53-55)	31,500	39,500	23,900	24,943
Cigar binder (types 51 and 52)	21,300	21,600	12,100	11,992
Maryland <u>b/</u>	40,100	42,600	48,400	48,409
Cigar filler (type 41)	--	41,800	--	26,092

a/ On November 23, 1959, a quota of 1,078.6 million pounds was proclaimed for the 1960 crop of flue-cured tobacco. This results in 715,110 acres available for allotment.

b/ The quota of 42,360,000 pounds announced January 4, 1960, results in 48,858 acres available for allotment.

Referendum--Within 30 days after issuance of proclamation of quotas, a referendum must be held. Farmers vote for quotas for three years and quotas become effective only if approved by at least two-thirds of the farmers voting.

In a referendum held December 15, 1958, 95.4% of growers voting favored marketing quotas on flue-cured tobacco for three marketing years beginning July 1, 1959. On February 24, 1959, 98.7% and 97.7% of growers voting approved quotas for three marketing years for burley and Virginia sun-cured tobacco respectively. Referenda covering quotas on the 1960-1962 crops of cigar filler and binder (types 42-44 and 53-55), cigar binder (types 51 and 52) and Maryland tobaccos will be held in February, 1960. Quotas through the 1960 crops of fire-cured and dark air-cured, were approved by growers earlier. Quotas were disapproved by growers for 1959 crops of cigar filler (type 41) and Maryland tobaccos.

Acreage allotted--The number of allotment farms and the acreage allotted, by States, for the 1958 and 1959 crops of the various kinds of tobacco are presented in the following table:

Number of Allotment Farms and Acreage Allotted, 1958 and 1959 Crops

State and Kind of Tobacco	1958 Crop		1959 Crop	
	Estimated Number of Farms	Acreage Allotted	Estimated Number of Farms	Acreage Allotted
<u>Flue-cured:</u>				
Alabama	294	501.1	294	501.6
Florida	6,969	15,142.1	6,969	15,158.5
Georgia	28,635	72,265.4	28,635	72,343.8
North Carolina	121,779	469,851.6	121,779	470,361.7
South Carolina	27,120	82,629.4	27,120	82,719.0
Virginia	23,774	71,381.5	23,774	71,456.1
New Farms	--	--	--	1,786.1
Total	208,571	711,771.1	208,571	714,326.8
<u>Burley:</u>				
Alabama	36	30.4	36	30
Arkansas	75	52.8	75	53
Georgia	207	86.9	207	87
Illinois	12	5.9	12	6
Indiana	9,664	7,741.1	9,664	7,748
Kansas	53	91.7	53	92
Kentucky	146,765	200,406.1	146,765	200,586
Missouri	1,672	3,190.6	1,672	3,194
North Carolina	17,863	10,149.7	17,863	10,159
Ohio	11,156	9,962.9	11,156	9,972
Pennsylvania	2	2.0	2	2
South Carolina	7	3.8	7	4
Tennessee	92,915	63,291.3	92,915	63,347
Texas	2	0.4	2	1
Virginia	17,226	11,000.0	17,226	11,010
West Virginia	4,545	2,849.8	4,545	2,853
New Farms	--	--	--	775
Total	302,200	308,865.4	302,200	309,919
<u>Fire-cured: (Types 22, 23 & 24)</u>				
Illinois	1	0.2	1	1
Kentucky	8,874	15,363.7	8,874	15,376
Tennessee	8,686	17,278.1	8,686	17,292
New Farms				82
Total	17,561	32,642.0	17,561	32,751
<u>Fire-cured (Type 21)</u>				
Virginia	7,344	9,081.7	7,344	9,091
New Farms	--	--	--	23
Total	7,344	9,081.7	7,344	9,114

State and Kind of Tobacco	1958 Crop		1959 Crop	
	Estimated Number of Farms	Acreage Allotted	Estimated Number of Farms	Acreage Allotted
<u>Dark air-cured:</u>				
Indiana	112	46.2	112	46
Kentucky	19,508	13,439.5	19,508	13,453
Tennessee	4,783	2,264.1	4,783	2,266
New Farms	-	-	-	40
Total	24,403	15,749.8	24,403	15,805
<u>Virginia sun-cured:</u>				
Virginia	2,289	4,186.1	2,289	4,192
New Farms	-	-	-	10
Total	2,289	4,186.1	2,289	4,202
<u>Cigar filler and binder:</u> <u>(Types 42-44, 53-55)</u>				
Illinois	3	7.1	3	7
Indiana	2	1.5	2	1
Iowa	1	8.5	1	8
Minnesota	117	238.7	117	248
New York	72	96.5	72	100
Ohio	1,446	5,085.8	1,446	5,287
Pennsylvania	120	251.9	120	262
Wisconsin	6,563	18,063.6	6,563	18,781
New Farms	-	-	-	249
Total	8,324	23,753.6	8,324	24,943
<u>Cigar binder:(Types 51, 52)</u>				
Connecticut	1,339	7,712.6	1,339	7,784
Massachusetts	986	4,044.1	986	4,080
New Hampshire	1	0.9	1	1
New York	1	0.2	1	1
Vermont	1	5.8	1	6
New Farms	-	-	-	120
Total	2,328	11,763.6	2,328	11,992
<u>Maryland:</u>				
Maryland	6,852	48,135.8	6,852	48,315
Delaware	1	0.1	1	1
Virginia	91	33.1	91	33
New Farms	-	-	-	60
Total	6,944	48,169.0	6,944	48,409
<u>Cigar filler (Type 41)</u>				
Pennsylvania	-	-	3,993	25,831
New Farms	-	-	-	261
Total	-	-	3,993	26,092

The amount of the national quota, less that portion set aside for "new farms" and small farms is apportioned among the States on the basis of the production in each State during the five calendar years preceding the calendar year in which the quota is proclaimed. Adjustments in State production data must be made to the extent necessary to make correction for abnormal conditions of production, for small farms, and for trends in production, giving due consideration to seed bed and other plant diseases.

After the State quota is converted to a State acreage allotment, farm acreage allotments are established on the basis of past acreage, adjusted for abnormal weather and plant diseases, land, labor, and equipment available for production of tobacco; crop-rotation practices and the soil and other physical factors affecting the production of tobacco. Local committees allot the acreage among the farms on which tobacco is produced. Where farm acreage allotments are established, the farm quota is the actual production of tobacco from the farm acreage allotment.

Tobacco marketed in excess of the farm marketing quota is subject to a penalty per pound of 75% of the average market price for such kind of tobacco for the preceding marketing year.

Whenever the Secretary determines that, under the marketing quotas and acreage allotments established for any kind of tobacco, the production of any one or more of the types comprising such kind of tobacco will not be sufficient to meet market demands and carryover requirements for such type or types of tobacco, the Secretary must make appropriate increases. The increases are made on the basis of production of such type or types of tobacco during the same period of years considered in establishing farm marketing quotas and acreage allotments for the kind of tobacco involved.

PEANUT ACREAGE ALLOTMENTS AND MARKETING QUOTAS (496 counties)

Quotas must be proclaimed each calendar year between July 1 and December 1 of each year regardless of the supply situation. The national marketing quota must be equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which the quota is proclaimed, adjusted for current trends and prospective demand conditions.

A national marketing quota for the 1960 crop of peanuts of 934,000 tons and a national acreage allotment of 1,610,000 acres were announced on October 6, 1959. Both the marketing quota and the national acreage allotment for the 1960 crop are at the minimum levels permitted by law.

A referendum must be held not later than December 15 to determine whether farmers are in favor of or opposed to marketing quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held. Preliminary returns indicate that in a referendum held December 15, 1959 approximately 95% of the farmers voting approved marketing quotas for three marketing years beginning with the 1960 marketing year.

The national marketing quota must be converted to a national acreage allotment by dividing the quota by the normal yield per acre of peanuts for the United States determined on the basis of the average yield per acre in the preceding five calendar years with necessary adjustments for trends in yields and for abnormal conditions of production.

The national acreage allotment less the acreage set aside for "new" farms is apportioned among the States on the basis of the State's share of the national acreage allotment for the preceding year.

The State acreage allotment is apportioned through local committees among farms on the basis of past acreage of peanuts, taking into consideration previous allotments, abnormal conditions, land, labor and equipment available for the production of peanuts, crop-rotation practices, and soil and other physical factors affecting the production of peanuts.

Whenever the Secretary determines that, on the basis of average yields per acre by types, adjusted for trends and abnormal conditions, and supply of any type or types is insufficient to meet the demand for cleaning and shelling purposes at which the Commodity Credit Corporation may sell its stocks of such peanuts, the Secretary is required to make appropriate increases in State acreage allotments. No State, however, may be increased above the acreage harvested in the State in 1947.

The amount of the farm marketing quota, applicable to an individual farm is the actual production from the acreage allotment for such farm.

The marketing of peanuts in excess of the actual production from the acreage allotment for a farm, or the marketing of peanuts from a farm for which no acreage allotment was determined, is subject to a penalty at a rate equal to 75% of the support price for peanuts for the marketing year beginning in the calendar year in which such peanuts are produced.

Quotas are not applicable to any farm on which the acreage of peanuts harvested for nuts is one acre or less.

<u>Estimated Number of Allotment Farms and Acreage Allotted by State</u>			
<u>State</u>	<u>Number of Allotment Farms</u>	<u>1959 Acreage Allotment</u>	<u>1960 Acreage Allotment</u>
Alabama	18,615	218,633.2	218,296
Arizona	40	718.0	717
Arkansas	382	4,227.0	4,223
California	48	941.0	940
Florida	6,614	55,336.4	55,201
Georgia	32,380	528,503.9	527,762
Louisiana	79	1,966.0	1,964
Mississippi	104	7,568.0	7,560
Missouri	2	247.0	247
New Mexico	441	6,447.7	4,996
North Carolina	17,712	169,145.0	168,966
Oklahoma	12,187	138,268.6	138,058
South Carolina	1,357	13,890.5	13,805
Tennessee	627	3,803.2	3,606
Texas	18,913	356,482.5	356,022
Virginia	8,552	105,750.0	105,625
Reserve for new farms	-	3.0	2,012
Total	118,053	1,611,931.0 a/	1,610,000

a/ Includes an increase of 1,931 acres for Valencia type peanuts (announced April 15, 1959).

WHEAT ACREAGE ALLOTMENTS AND MARKETING QUOTAS (2,658 counties)

Quotas must be proclaimed not later than May 15 of any calendar year whenever the total supply for the marketing year beginning in such calendar year exceeds normal supply by more than 20 percent or the total supply is not less than normal supply and the average farm price for three successive months does not exceed 66 percent of parity.

Public Law 86-27 approved May 15, 1959, provided that the proclamation of acreage allotments and marketing quotas on the 1960 crop of wheat be deferred until June 1, 1959. Ordinarily, the proclamation must be made not later than May 15. Public Law 86-27 was enacted because it was felt that by June 1 the probable extent and effect of the drought in a substantial portion of the Wheat Belt would be better known.

On June 1, 1959, marketing quotas were proclaimed for the 1960 crop of wheat based upon the following determination of normal supply for the 1960 crop and the marketing quota position as indicated by the supply percentage.

<u>Normal Supply and Marketing Quota Level</u>	<u>Million bushels</u>
1. Estimated Domestic consumption, 1958-59 marketing year	620 a/
2. Estimated Exports, 1959-60 marketing year	425
3. Total (item 1 + item 2)	1,045
4. Allowance for carryover (20% of item 3)	209
5. Normal supply (item 3 + item 4)	1,254
6. Marketing quota level (120% of item 5)	1,505

Total supply and supply percentage

7. Estimated carryover, July 1, 1959	1,285
8. Estimated production, 1959	1,210
9. Estimated imports, marketing year 1958-59	8
10. Total supply (item 7 + item 8 + item 9)	2,503
11. Supply percentage (item 10 ÷ item 5)	199.6%

a/ Adjusted to provide a more normal amount of wheat for domestic use.

<u>Determination of National Wheat Acreage Allotment</u>	<u>Million Bushels</u>
1. Normal year's domestic consumption	617
2. Normal year's exports	404
3. Total (item 1 + item 2)	1,021
4. 30% of normal year's domestic consumption and exports	306
5. Normal year's domestic consumption and exports plus 30% (item 3 + item 4)	1,327
6. Indicated carryover, July 1, 1960	1,450
7. Estimated imports, marketing year 1960-61	10
8. Total (item 6 + item 7)	1,460

<u>Determination of National Wheat Acreage Allotment (cont'd)</u>	<u>Million Bushels</u>
9. Indicated production needed in 1960 (item 5 - item 8) ..	0
10. National average yield per planted acre	17.0 bu.
11. Indicated national acreage allotment for 1960 crop	0 acres
12. Minimum national acreage allotment (established by law)	55,000,000 acres

The 1960 allotment acreage for each producing state as announced on June 1, 1959 is presented in the following table, along with comparable 1959 data:

<u>State</u>	<u>1959 Allotment</u> (acres)	<u>1960 Allotment</u> (acres)
Alabama	43,779	50,295
* Arizona	[23,708]	36,988
Arkansas	64,462	66,909
California	434,466	429,982
Colorado	2,695,718	2,676,977
Delaware	35,814	34,182
Georgia	110,651	109,086
Idaho	1,172,393	1,171,910
Illinois	1,422,658	1,434,524
Indiana	1,156,565	1,137,060
Iowa	153,900	143,123
Kansas	10,573,510	10,636,275
Kentucky	216,924	216,498
Maryland	185,359	179,179
Michigan	981,724	965,634
Minnesota	718,733	720,356
Mississippi	38,735	49,540
Missouri	1,332,709	1,335,952
Montana	4,033,335	4,009,398
Nebraska	3,204,664	3,181,945
New Jersey	53,534	52,456
New Mexico	476,822	478,681
New York	322,145	320,595
North Carolina	296,356	295,879
North Dakota	7,259,722	7,337,153
Ohio	1,559,396	1,535,670
Oklahoma	4,874,378	4,865,307
Oregon	821,771	833,433
Pennsylvania	582,204	568,549
South Carolina	139,266	138,156
South Dakota	2,718,228	2,727,258
Tennessee	198,181	193,084
Texas	4,099,366	4,092,488
Utah	313,544	309,310
Virginia	259,999	256,173
Washington	2,002,740	1,997,539
West Virginia	39,874	37,741
Wisconsin	51,603	47,054
Wyoming	289,758	284,996
Total commercial area	54,934,986	54,957,335
Total noncommercial area	58,245	34,989
National Reserve	6,769	7,676
Total	55,000,000	55,000,000

* Not in commercial area in 1959

A referendum must be held between the date of the issuance of the proclamation of the national marketing quota and July 25 to determine whether farmers favor or oppose such quota. In a referendum held July 23, 1959, 80.7% of the farmers voting favored marketing quotas on the 1960 crop of wheat.

The national acreage allotment (less a reserve of not to exceed one percent thereof) is apportioned among States on the basis of the acreage seeded for the production of wheat during the 10 calendar years immediately preceding the calendar year in which the national acreage allotment is determined with adjustments for abnormal weather conditions and for trends in acreage.

The State acreage allotment, less a reserve of not to exceed 3% thereof, is apportioned among the counties on the basis of the acreage seeded for the production of wheat during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined with adjustments for abnormal weather conditions and trends in acreage during such period and for the promotion of soil conservation practices.

The allotment to the county is apportioned, through local committees, among farms on the basis of past acreage (four years) of wheat, tillable acres, crop-rotation practices, type of soil, and topography. Not more than 3% of the county allotment must be apportioned to farms on which wheat has not been planted during any of the three marketing years preceding the marketing year in which the allotment is made.

The farm marketing quota is the actual production from the acreage planted to wheat on the farm less the farm marketing excess. The farm marketing excess is the normal yield times the excess acres but it may not exceed the difference between the actual production on the farm less normal production of the acreage allotment. The rate of penalty on wheat is 45% of the parity price per bushel on wheat as of May 1 of the calendar year in which the crop is harvested. The penalty may be avoided by (1) storing farm marketing excess in accordance with regulations established by the Secretary or (2) delivering such excess to the Secretary for his disposal. The farm marketing excess is subject to penalty even though it is used on the farm.

A wheat marketing quota is not applicable to any farm on which the acreage planted to wheat does not exceed 15 acres or the normal production of the acreage planted to wheat of the current crop is less than 200 bushels. Public Law 85-203 permits farmers whose acreage allotment is less than 30 acres to grow up to 30 acres of wheat without being liable for marketing quota penalties for use exclusively on the farm where produced. If, for any marketing year, the acreage allotment for wheat for any State is 25,000 acres or less, the Secretary may designate such State as outside the commercial wheat-producing area for such marketing year.

COTTON ACREAGE ALLOTMENTS AND MARKETING QUOTAS (1,090 counties)

A national marketing quota must be proclaimed not later than October 15 whenever, during any calendar year it is determined that the total supply exceeds the normal supply for Upland cotton and for extra long staple cotton, whenever the total supply exceeds normal supply by more than 8%.

Upland Cotton. On October 14, 1959, a national marketing quota of 13,133,000 bales and a national acreage allotment of 16,000,000 acres were announced.

The Agricultural Act of 1958 approved August 28, 1958, provides that beginning with the 1959 crop, the national marketing quota shall not be less than the number of bales required to provide a national acreage allotment of 16 million acres. The Act also provides for a national acreage reserve of 310,000 acres to be apportioned among States on the basis of the estimated needs of each State for additional acreage to establish minimum farm allotments under section 344(f)(1) of the Agricultural Adjustment Act of 1938, as amended. The national reserve is in addition to the national acreage allotment.

For the 1959 and 1960 crops of upland cotton, the Act also provides that the Secretary shall give each producer a Choice of (A) - planting within his acreage allotment and receiving price support determined under section 101 of the Agricultural Act of 1949, as amended, or a Choice of (B) - increasing his acreage by not to exceed 40%, as determined by the Secretary, and receiving price support at 15 parity points below the level under Choice (A). This provision applies only if marketing quotas are approved. The maximum permissible increase of 40% was in effect for the 1959 crop and the same percentage increase has been announced for the 1960 crop.

For the 1959 crop, farm operators with base acreage allotments totaling 2,544,573 acres indicated a preference for the Choice (B) program. Choice (B) farm operators represented 7.2% of all allotment farms and 15.6% of the original allotted acres. These farmers have received revised allotments of 3,562,403 acres equal to 140% of their base allotments--an increase of 1,017,830 acres.

<u>Total supply, 1959-60 marketing year</u>		<u>Bales</u>
		(000)
1. Carryover, August 1, 1959		8,611
2. Indicated production, 1959		14,483 a/
3. Estimated imports		60
4. Total (item 1 + item 2 + item 3)		<u>23,154</u> b/

a/ October crop estimate.

b/ Excludes current crop ginnings prior to August 1.

Normal supply, 1959-60 marketing year

Bales
(000)

5. Domestic consumption, 1959	8,900
6. Estimated exports	5,500
7. Total (item 5 + item 6)	14,400
8. Allowance for carryover (30% of item 7)	4,320
9. Total (item 7 + item 8)	18,720
10. Supply percentage (item 4 + item 9)	123.6%

State acreage allotments were announced on October 15, 1959 for upland and October 16 for extra long staple.

State	1959 Crop			1960 Crop
	Total Allotment Available for Distribution To States	Choice B Increase	Total Allotted Acreage	Total Allotment Available for Distribution To States
Alabama	985,191	14,266	999,457	989,046
Arizona	330,835	31,805	362,640	320,419
Arkansas	1,339,171	97,783	1,436,954	1,345,278
California	733,618	180,024	913,642	728,202
Florida	37,380	274	37,654	37,518
Georgia	850,600	4,751	855,351	859,927
Illinois	3,143	165	3,308	3,142
Kansas	26	9	35	26
Kentucky	7,552	1,639	9,191	7,634
Louisiana	578,579	22,675	601,254	574,980
Maryland	15	-	15	15
Mississippi	1,570,967	77,423	1,648,390	1,576,254
Missouri	357,796	63,568	421,364	357,495
Nevada	3,343	73	3,416	3,343
New Mexico	171,380	19,691	191,071	169,013
North Carolina	470,315	12,045	482,360	474,715
Oklahoma	752,784	24,753	777,537	775,226
South Carolina	698,238	20,630	718,868	701,609
Tennessee	554,635	26,103	580,738	550,745
Texas	6,846,757	419,239	7,265,996	6,817,477
Virginia	17,675	914	18,589	17,936
Total State Allotments ..	16,310,000	1,017,830	17,327,830	16,310,000
Estimated Choice B increase	-	-	-	1,020,000
Total	16,310,000	1,017,830	17,327,830	17,330,000

Extra long staple cotton. On October 14, 1959, a national marketing quota of 66,590 standard bales of 500 pounds gross weight and a national acreage allotment of 64,776 acres were proclaimed for the 1960 crop.

Quotas and allotments will apply principally to American-Egyptian, Sea Island (in the continental United States and Puerto Rico) and Sea Island cotton.

<u>Total supply, 1959-60 marketing year</u>	<u>Bales</u>
1. Carryover, August 1, 1959	106,300
2. Indicated production, 1959	73,400 a/
3. Estimated imports	85,600
4. Total (item 1 + 2 + item 3)	<u>265,300</u>

a/ October crop estimate.

<u>Normal supply, 1959-60 marketing year</u>	<u>Bales</u>
5. Domestic consumption, 1959	115,000
6. Estimated exports	5,000
7. Total (item 5 + item 6)	120,000
8. Allowance for carryover (30% of item 7)	<u>36,000</u>
9. Total (item 7 + item 8)	<u>156,000</u>
10. Supply percentage (item 4 ÷ item 9)	170.0%

Acreage Allotted, by State, 1959 Crop Compared with 1960

<u>State</u>	<u>Number of Designated counties</u>	<u>1959 Acreage Allotted</u>	<u>1960 Acreage Allotted</u>
Arizona	9	29,908	27,326
California	2	425	424
Florida	15	635	554
Georgia	3	116	132
New Mexico	5	14,003	12,478
Texas	11	24,196	22,243
Puerto Rico	North and South areas	<u>1,539</u>	<u>1,619</u>
Total		<u>70,822</u>	<u>64,776</u>

Not later than December 15 following the proclamation of quotas a referendum must be held to determine whether farmers favor or oppose such quotas. Preliminary returns indicate that in referenda held December 15, 1959, 95.2% of the farmers voting favored quotas for the 1960 crop of upland cotton and 85.2% favored quotas for extra long staple cotton.

The national acreage allotment is apportioned to the States on the basis of the acreage planted to cotton (or regarded as planted) in the five calendar years immediately preceding the calendar year in which the national marketing quota is proclaimed with adjustments for abnormal weather.

The State acreage allotment is apportioned to counties on the basis of the acreage planted to cotton (or regarded as planted) in the five calendar years immediately preceding the calendar year in which the national marketing quota is proclaimed with adjustments for abnormal weather.

The State Committee is authorized to reserve not to exceed 10% (15% in the case of Oklahoma) of the State allotment for adjustments in county allotments due to trends in acreage, abnormal conditions affecting plantings, small or new farms, or to correct inequities in farm allotments and to prevent hardship.

The county acreage allotment, less the county reserve (not to exceed 15%) is apportioned to eligible old cotton farms (previous year's allotment) under section 344(f)(8) of the Act. Minimum farm allotments are authorized at the smaller of 10 acres or the 1958 acreage allotment established for the farm (effective beginning with the 1959 crop).

The reserve of not to exceed 15% is to be used for establishing "new" farm allotments and for adjusting "old" farm allotments.

The farm marketing quota is the actual production from acreage planted to cotton on the farm less the farm marketing excess. The farm marketing excess is the normal yield times excess acres, but it may not exceed the difference between the actual production on the farm less the normal production of the acreage allotment.

For Upland cotton, the farm marketing excess is subject to a penalty at a rate equal to 50% of parity price as of June 15 of the calendar year in which the crop is produced and for extra long staple cotton the penalty rate is the higher of 50% of parity or 50% of support price.

CORN ACREAGE ALLOTMENTS (932 counties)

The Agricultural Act of 1958, approved August 28, 1958, provided that a referendum be held not later than December 15, 1958, to determine whether farmers favored the new program provided in such Act calling for the elimination of corn acreage allotments and for a new method of setting support prices on the 1959 and succeeding crops of corn.

In a referendum held November 25, 1958, 71.1% of the farmers voting favored the new program. Under such program there will be no restrictions on acreage planted to corn in 1959 and later years.

RICE ACREAGE ALLOTMENTS AND MARKETING QUOTAS (157 counties)

On November 5, 1959, a national rice acreage allotment of 1,652,596 acres (the minimum established by law) was proclaimed. On December 1, 1959, marketing quotas for the 1960 crop of rice were proclaimed. Individual marketing quotas for farms staying within their acreage allotment will be the actual production from the farm acreage allotment.

Marketing quotas for rice must be proclaimed (not later than December 31) whenever in any calendar year it is determined that the total supply of rice for the marketing year beginning in such calendar year will exceed normal supply for such marketing year by more than 10%. Marketing quotas for any crop of rice may be proclaimed at any time during the calendar year preceding the calendar year in which the crop will be produced.

A referendum must be held within 30 days after the proclamation of quotas to determine whether farmers approve quotas. In order to become effective, at least two-thirds of the farmers voting must favor quotas. Preliminary returns indicate that rice growers approved marketing quotas by a favorable vote of 90.7% in the referendum held December 15, 1959.

Not later than December 31 of each calendar year, a national acreage allotment for the crop of rice to be produced in the next calendar year must be proclaimed. The national acreage allotment is that acreage which will, on the basis of the national average yield of rice for the five preceding calendar years, produce an amount of rice adequate, together with the estimated carryover from the marketing year ending in the calendar year then current, to make available a supply for the marketing year beginning in the next calendar year, not less than the normal supply.

Determination of Rice Normal Supply, Marketing Quota
Level, Total Supply and Supply Percentage

<u>Normal supply and marketing quota level</u>	<u>Thousand Cwts.</u>
1. Estimated domestic consumption, 1958-59	25,881
2. Estimated exports, 1959-60	29,000
3. Total (item 1 + item 2)	54,881
4. Allowance for carryover (10% of item 3)	5,488
5. Normal supply (item 3 + item 4)	60,369
6. Marketing quota level (110% of item 5)	66,406
 <u>Total supply and supply percentage</u>	
7. Carryover on August 1, 1959	15,680
8. Estimated production in 1959	53,139
9. Estimated imports, 1959-60	150
10. Total supply (items 7 + item 8 + item 9)	68,969
11. Supply percentage (item 10 ÷ item 5)	114.2

Determination of Normal Supply and National Rice Acreage Allotment

<u>Normal Supply a/</u>	<u>Thousand Cwts.</u>
1. Estimated domestic consumption, 1959-60	26,411
2. Estimated exports, 1960-61	25,000
3. Total (item 1 + item 2)	51,411
4. Allowance for carryover (10% of item 3)	5,141
5. Total (item 3 + item 4)	56,552

Determination of Normal Supply and National Rice Acreage Allotment (Cont'd)

<u>National acreage allotment</u>	<u>Thousand Cwts.</u>
6. Estimated carryover on August 1, 1960	13,000
7. Indicated production needed in 1960 (item 5 - item 6)	43,552
8. National average yield per planted acre ...	3,153 lbs.
9. Indicated acreage allotment (item 7 + item 8)	1,381,288 acres
10. Minimum national acreage allotment for 1960	1,652,596 acres

a/ Normal supply is for the marketing year commencing in the calendar year for which the national acreage allotment is determined.

Estimated number of Allotment Farms and Acreage Allotted by State

<u>State</u>	<u>Est. No. of Allot. Farms</u>	<u>1959 Acreage Allotment</u>	<u>1960 Acreage Allotment</u>
Arizona	-	229	229
Arkansas	5,604	398,855	399,012
California	1,520	299,648	299,766
Florida	10	956	957
Illinois	1	20	20
Louisiana	7,243	474,892	475,008
Mississippi	287	46,669	46,674
Missouri	84	4,765	4,767
North Carolina	1	38	38
Oklahoma	1	149	149
South Carolina	24	2,845	2,846
Tennessee	5	517	517
Texas	1,909	422,147	422,313
National Reserve	-	866	300
Total	16,689	1,652,596	1,652,596

The national acreage allotment, less a reserve of not to exceed 1% thereof for apportionment to farms receiving allotments which are inadequate because of an insufficient State or county allotment or because rice was not planted on the farm during all preceding five years, is apportioned among the rice-producing States on the basis of the average number of acres of rice in each State during the preceding five years, with adjustments for trends in acreage during such period.

The State acreage allotment is apportioned in one of two ways:

1. To rice producers on the basis of past production of rice by the producer, taking into consideration the acreage allotments previously established for such producer (in the State), abnormal conditions affecting acreage, land, labor, and equipment available for the production of rice, crop-rotation practices, and the soil and other physical factors affecting the production of rice. Not more than 3% of the State acreage allotment is apportioned to persons who have not produced rice during any one of the past five years. The producer allotments so determined are assigned to farms on which the producers will be engaged in producing the crop of rice for which the allotments are established.

2. If the Secretary, upon recommendation of the State Committee determines that such action will facilitate the effective administration of the Act, the State acreage allotment is apportioned to farms on which rice has been produced during any one of such period of years on the basis of foregoing factors using past production of rice on the farm and the acreage allotments previously established for the farm in lieu of past production of rice by the producer and the acreage allotments previously established for such producers. Not more than 3% of the State acreage allotment is apportioned to farms on which rice has not been produced for the past five years on the basis of the applicable factors heretofore mentioned.

The farm marketing quota is the actual production on the farm less "farm marketing excess." The farm marketing excess is the normal production of the number of acres planted in excess of the farm acreage allotment, except that the farm marketing excess may not be larger than the amount by which the actual production on the farm exceeds the normal production of the farm acreage allotment if the producer furnishes proof of such actual production to the Secretary.

Whenever marketing quotas are in effect the producer is subject to a penalty on the farm marketing excess at a rate per pound equal to 50% of the parity price as of June 15 of the calendar year in which the crop is produced. The penalty may be avoided or postponed by storage or by disposing of the commodity in such other manner not inconsistent with the purposes of the Act, as the Secretary shall prescribe, including delivery to the Commodity Credit Corporation or other agency within the Department. The marketing quota penalty was set at \$2.88 per cwt. for the 1957 crop.

QUOTA PENALTY COLLECTIONS

The following table shows the cumulative marketing quota penalty collections which, except for refunds to producers, are deposited into the General Fund of the Treasury.

Summary of Cumulative Net Marketing
Quota Penalty Collections as of June 30, 1959

Marketing Year	Tobacco	Peanuts	Wheat	Cotton	Rice	Total
1938-39	\$943,225.00	-	-	\$218,382.38	-	\$1,161,607.38
1939-40	-	-	-	518,628.98	-	518,628.98
1940-41	672,010.20	-	-	672,923.32	-	1,344,933.52
1941-42	184,972.89	\$14,110.13	\$13,111.04	2,009,036.69	-	15,349,162.58
1942-43	422,393.90	104,840.90	2,037,182.66	1,489,990.83	-	4,054,108.29
1943-44	514,563.85	-	-	-	-	514,563.85
1944-45	1,738,585.09	-	-	-	-	1,738,585.09
1945-46	4,017,148.49	-	-	-	-	4,017,148.49
1946-47	4,064,339.73	-	-	-	-	4,064,339.73
1947-48	1,005,258.52	-	-	-	-	1,005,258.52
1948-49	1,519,056.74	-	-	-	-	1,519,056.74
1949-50	2,599,977.44	139,243.25	-	-	-	2,739,220.69
1950-51	3,890,715.22	288,248.01	-	904,579.29	-	5,083,542.52
1951-52	4,635,274.05	557,158.71	-	-	-	5,192,432.76
1952-53	3,652,471.36	137,817.65	-	-	-	3,790,289.01
1953-54	3,128,650.67	296,653.41	-	-	-	3,425,304.08
1954-55	5,372,234.77	137,384.55	2,785,319.18	525,959.58	-	8,820,898.08
1955-56	821,348.51	267,886.05	5,680,977.06	2,216,956.77	\$45,359.05	9,032,527.44
1956-57	416,460.27	345,985.98	7,149,098.58	1,230,788.28	24,502.73	9,166,835.84
1957-58	308,162.99	58,757.70	10,884,457.78	2,272,997.49	73,830.77	13,598,206.73
1958-59	182,979.21	32,781.92	7,104,884.94	1,058,052.83	122,223.84	8,500,922.74
1959-60	-	-	71,275.17	-	-	71,275.17
Total	40,089,828.90	2,410,868.26	48,824,238.24	13,118,296.44	265,916.39	104,709,148.23

LEGISLATION ENACTED, FIRST SESSION, 86TH CONGRESS, AFFECTING ACREAGE
ALLOTMENT AND MARKETING QUOTA PROVISIONS OF THE AGRICULTURAL ADJUSTMENT
ACT OF 1938, AS AMENDED

Peanuts

Public Law 86-358 provides that any peanuts which are marketed before drying or removal of moisture, for consumption exclusively as boiled peanuts are excluded from the provisions of acreage allotments and marketing quotas. The provision has been in effect on a temporary basis. This extends the definition of "peanuts" to cover the 1960 and 1961 crops.

Wheat

Public Law 86-27 deferred until June 1, 1959, the proclamation of acreage allotments and marketing quotas on the 1960 crop of wheat.

Cotton

Public Law 86-172 among other things, permits cotton farmers to protect their allotment status by meeting (each year) prescribed requirements as to planting cotton or releasing unused allotments; provides that beginning with allotments for the 1961 crop, the full amount of the previous allotment would be used only if an acreage equal to 75 percent of the allotment was actually planted (or regarded as planted under the Soil Bank Act or Great Plains program or the release and reapportionment provisions). If acreage planted to cotton on the farm in the preceding year was less than 75 percent of the allotment, the base would be the average of the previous allotment and the cotton acreage history determined for the purposes of applying the 75% requirement; provides that if some cotton is planted (or regarded as planted under the Soil Bank Act or Great Plains program) in any one of three years, the farm history may be fully protected by releasing the unused farm allotment each year.

Public Law 86-341 provides that the national marketing quota for the 1960 crop of extra long staple cotton shall be not less than 90 percent of the 1959 marketing quota.

General

Public Law 86-172 provides that beginning with the 1960 crops full allotments for wheat, cotton, ~~peanuts~~, rice, and tobacco will be considered as planted if in the year then current or in either of the two preceding years the acreage planted (excluding released and reapportioned allotments) or regarded as planted to the commodity under the Soil Bank Act or the Great Plains Program is not less than 75 percent of the farm allotment. Acreage history credited to the farm under this provision will also be credited to the county and State for the purpose of establishing future county and State allotments.

* * * * *

The Commodity Stabilization Service, as a part of its regular activities, is responsible for part of the continuing activities of the Department in the area of preparedness measures relating to food and the domestic distribution of farm equipment and supplies. Such work, financed from this appropriation, includes periodic evaluation of requirements and supplies of food (including fibers, tobacco, and oilseeds) and supporting nonfood materials and facilities. Work also includes analyses to determine the ability of the United States to supply necessary food in an emergency period and to point out problem areas.

(b) Sugar Act Program

Appropriation Act, 1960 and base for 1961	\$71,500,000
Budget Estimate, 1961	<u>74,500,000</u>
Increase (mandatory payments to sugar producers for 1960 crop)	<u>+3,000,000</u>

PROJECT STATEMENT

Project	1959	1960 :(estimated):	Increase	1961 :(estimated)
1. Payments to sugar producers:	:	:	:	:
(a) Continental beet area ...	\$37,443,350	\$38,465,000	+\$818,000	\$39,283,000
(b) Continental cane area ...	7,398,000	9,381,400	+670,100	10,051,500
(c) Offshore cane area	28,922,224	21,356,174	+1,502,326	22,858,500
Total payments	73,763,574	69,202,574	+2,990,426	72,193,000
2. Operating expenses	2,236,426	2,297,426	+9,574	2,307,000
Total employee health benefit costs (P.L. 86-382)	- -	- -	[+9,800]	[9,800]
Total appropriation or estimate <u>a/</u>	76,000,000	71,500,000	+3,000,000(1)	74,500,000

a/ Represents obligations. Applied costs for 1959 are \$75,987,021. The difference of \$12,979 reflects, primarily, the effect of refunds from payments to producers in prior years and an excess of printing orders placed in 1959 over printing used in that year.

INCREASES AND DECREASES

(1) The increase of \$3,000,000 for mandatory payments to sugar producers for the 1960 crop is composed of:

- (a) An increase of \$818,000 for conditional payments to producers in the domestic beet area;
- (b) An increase of \$670,100 for payments to producers in the Mainland cane area;
- (c) An increase of \$1,502,326 for payments to producers in the offshore cane area. This is comprised of an increase of \$832,230 in payments to producers on the 1960 Hawaiian crop, a decrease of \$33,342 in the 1960 Virgin Islands crop, and an increase of \$703,438 in payments to be made from fiscal year 1961 funds on the Puerto Rican crops, over available funds in fiscal year 1960.
- (d) An adjustment of \$9,574 between payments to sugar producers and operating expenses to meet employee health benefit costs under Public Law 86-382. A full explanation of the health benefit cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

On the basis of current estimates of production, a total of \$80,703,685 (including administrative expenses) will be required for the 1960 sugar program plus \$12,375,547 for payments on the 1959-60 Puerto Rican crop, which were deferred until the fiscal year 1961, making total requirements for the program \$93,079,232.

The appropriation requested is \$74,500,000 which contemplates an estimated deferral of \$18,579,232 until fiscal year 1962 for payments on the 1960-61 Puerto Rican crop.

The method of financing payments to producers and Operating expenses are shown by crop years and fiscal years in the following Table I.

METHOD OF FINANCING

Fiscal Year Appropriation

Table I

Program Year	1959	1960	1961	1962	Total
<u>1957 Sugar Program</u>					
<u>Payments to producers:</u>					
Continental sugar beet area ...	\$1,115,500				\$1,115,500
Puerto Rico (1957-1958)	12,949,010				12,949,010
<u>1958 Sugar Program</u>					
<u>Payments to producers:</u>					
Continental sugar beet area ...	36,327,850				36,327,850
Continental sugar cane area ...	7,398,000				7,398,000
Hawaii	7,430,239				7,430,239
Puerto Rico (1958-1959)	8,417,976	\$6,882,024			15,300,000
Virgin Islands	124,999				124,999
Total, 1958 payments	59,699,064	6,882,024			66,581,088
<u>1959 Sugar Program</u>					
<u>Payments to producers:</u>					
Continental sugar beet area ...		38,465,000			38,465,000
Continental sugar cane area ...		9,381,400			9,381,400
Hawaii		9,015,825			9,015,825
Puerto Rico (1959-1960)		5,294,453	\$12,375,547		17,670,000
Virgin Islands		163,872			163,872
Total, 1959 payments		62,320,550	12,375,547		74,696,097
<u>1960 Sugar Program</u>					
<u>Payments to producers:</u>					
Continental sugar beet area ...			39,283,000		39,283,000
Continental sugar cane area ...			10,051,500		10,051,500
Hawaii			9,848,055		9,848,055
Puerto Rico (1960-1961)			504,368	\$18,579,232	19,083,600
Virgin Islands			130,530		130,530
Total, 1960 payments			59,817,453	18,579,232	78,396,685
Total, program payments	73,763,574	69,202,574	72,193,000	18,579,232	
Operating expenses	2,236,426	2,297,426	2,307,000		
Total, appropriation or estimate ..	76,000,000	71,500,000	74,500,000		

The number of payees are shown in Table II. The estimate for the 1960 crop program compared with prior year data on tonnage, production, total payments and average payment per ton is shown in Table III.

Table II NUMBER OF PAYEES

Area	:	1958	:	1959 Crop	:	1960 Crop
	:	Crop	:	(estimate)	:	(estimate)
Continental sugar beet area	:	40,402	:	41,000	:	41,500
Continental sugar cane area	:	5,961	:	6,500	:	6,800
Hawaii	:	706	:	1,050	:	1,050
Puerto Rico	:	16,400	:	18,500	:	19,000
Virgin Islands	:	266	:	266	:	350
Total	:	63,735	:	67,316	:	68,700

Total sugar production from the 1960 crops in the domestic areas is estimated at 5,575,000 short tons, raw value. This is 287,500 tons more than the estimated total production from the 1959 crops. These estimates are based upon an analysis and consideration of sugar inventories, probable production and consumption of sugar during 1959, prospective level of United States consumers' requirements for calendar year 1960 and quota provisions of the Sugar Act.

Domestic beet sugar area production from the 1960 crop is estimated at 2,400,000 short tons, raw value, which is 50,000 tons more than the 1959 crop is expected to produce. Indicated 1959 quota deficits in two other domestic areas will enable the beet area to market more sugar in 1959 than its basic quota level. This will reduce beet sugar inventories to be carried over into the next calendar year.

Production from the 1960 crop in the mainland cane sugar area is estimated at 750,000 tons which is 50,000 tons more than the 1959 crop estimate. The 1960 crop figure represents a production objective in line with anticipated sugar quota and carryover stock requirements for the area.

Hawaii's 1960 crop production is estimated at 1,065,000 tons which is 90,000 tons higher than the area's 1959 crop production estimate but lower than the probable 1960 sugar quota and carryover stock requirements level for the area. The estimate reflects the adverse effects of the 1958 strike on cane growing in 1958 for harvest in 1960.

The 1960-61 crop production of 1,350,000 tons for Puerto Rico is consistent with prospective quota and inventory needs for the area although it is 100,000 tons more than the Island's estimated 1959-60 crop production.

The 1960 crop in the Virgin Islands has suffered from severe drought and production is estimated at 10,000 tons. This is 2,500 tons less than the Island's 1959 crop production.

Sugar Program Data - 1958-60 Crop Years

Table III

Area	1959 Fiscal Year :(1958 Crop Year): (Actual)	1960 Fiscal Year :(1959 Crop Year): (Estimated)	1961 Fiscal Year :(1960 Crop Year): (Estimated)	Increase (+) or Decrease (-) 1960 Crop Compared with 1959 Crop
<u>Beet Area</u>				
Tons produced	2,212,000	2,350,000	2,400,000	+50,000
Total payments	\$36,327,850	\$38,465,000	\$39,283,000	+\$818,000
Payment per ton	\$16.423	\$16.368	\$16.368	- -
<u>Mainland Cane Area</u>				
Tons produced	579,000	700,000	750,000	+50,000
Total payments	\$7,398,000	\$9,381,400	\$10,051,500	+\$670,100
Payment per ton	\$12.777	\$13.402	\$13.402	- -
<u>Hawaii</u>				
Tons produced	765,000	975,000	1,065,000	+90,000
Total payments	\$7,430,239	\$9,015,825	\$9,848,055	+\$832,230
Payment per ton	\$9.713	\$9.247	\$9.247	- -
<u>Puerto Rico</u>				
Tons produced	1,087,000	1,250,000	1,350,000	+100,000
Total payments	\$15,300,000	\$17,670,000	\$19,083,600	+\$1,413,600
Payment per ton	\$14.075	\$14.136	\$14.136	- -
<u>Virgin Islands</u>				
Tons produced	6,200	12,500	10,000	-2,500
Total payments	\$124,999	\$163,872	\$130,530	-\$33,342
Payment per ton	\$20.161	\$13.110	\$13.053	-\$0.057
<u>Total</u>				
Tons produced	4,649,200	5,287,500	5,575,000	+287,500
Total payments	\$66,581,088	\$74,696,097	\$78,396,685	+\$3,700,588
Payment per ton	\$14.321	\$14.127	\$14.062	-\$0.065

CHANGES IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses to carry into effect the provisions of the Sugar Act of 1948 * * * Provided, That expenditures (including transfers) from this appropriation for other than payments to sugar producers shall not exceed [\$2,297,426] \$2,307,000.

The proposed change in language increases the limitation on the total amount which may be used for administrative expenses from \$2,297,426 to \$2,307,000. The increase of \$9,574 is required to meet employee health benefit costs under Public Law 86-382. No increase in total appropriation is required as additional amounts needed for this purpose are offset by a corresponding decrease in program funds. A full explanation of the health benefit cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

STATUS OF PROGRAM

Sugar Requirements and Quotas

The Sugar Act provides that the Secretary of Agriculture shall determine each year consumers' requirements of sugar for the succeeding year and make such revisions of the initial estimate as necessary.

The requirements or total quotas, for the calendar year 1958 were initially established at 8,800,000 short tons, raw value. On May 22, 1958, quotas were increased to 8,900,000 tons in view of the changing seasonal production--consumption balance, prevailing market conditions, and the rate of sugar distribution. Sugar quotas were further increased three times during the calendar year 1958 to a final level of 9,200,000 tons, to make needed supplies available.

Initial quotas for calendar year 1959 were established at 9,200,000 tons to provide a supply of sugar adequate to meet normal U. S. requirements. In taking this action, the Department announced that "In light of the current strong demand and market conditions, it appears undesirable to cut total quotas for 1959 below the (final 1958) level of 9,200,000 tons." On September 3, 1959 quotas were increased to 9,300,000 tons because of the increasing demand for sugar. Quotas were further increased effective October 20, 1959 to 9,400,000 tons to provide needed supplies to the Northeast.

Consumers' sugar requirements for calendar years 1958 and 1959 were distributed quota-wise in accordance with the Sugar Act as amended by Public Law 545, 84th Congress, approved May 29, 1956. This law, which with certain exceptions became effective as of January 1, 1956, restored to the domestic areas the opportunity to share in the growth of the U. S. sugar market. Foreign areas retained the quotas assigned to them at the time the amendments became effective and also share in the growth of the U. S. market. Beginning in 1956, market growth in excess of 8,350,000 tons is shared 55 percent by domestic areas and 45 percent by foreign countries. Cuba now supplies about 30 percent of the market growth and full-duty countries as a group about 15 percent.

Sugar quotas for the calendar years 1958 and 1959 are shown in the following table:

Production Area	1958 Quotas	1959 Quotas
	Final	As of 10/20/59
	<u>Short tons, raw value</u>	
Domestic beet sugar	2,292,488	2,267,665
Mainland cane sugar	720,805	697,783
Hawaii	700,000 <u>1/</u>	977,970 <u>2/</u>
Puerto Rico	815,000 <u>1/</u>	969,875 <u>2/</u>
Virgin Islands	6,100 <u>1/</u>	12,405 <u>2/</u>
Philippines	980,000	980,000
Cuba	3,437,582	3,215,457
Other foreign countries	248,025	278,845
Total	9,200,000	9,400,000

1/ Adjusted for deficits. Unadjusted Quotas were: Hawaii - 1,115,479; Puerto Rico - 1,166,375; and the Virgin Islands - 15,905; short tons, raw value.

2/ Expected deliveries in 1959. Despite declaration of deficits, full basic quotas are available to these areas as follows: Hawaii, 1,140,462; Puerto Rico, 1,192,498 and Virgin Islands 16,261, short tons, raw value.

Domestic sugar prices were relatively stable for the 1959 fiscal year. The price of raw sugar, duty paid, at New York, was 6.25 cents per pound on July 1, 1958, and 6.30 on June 30, 1959, while the average monthly price for the fiscal year was 6.22. The monthly average price ranged from a high of 6.47 (October 1958) to a low of 5.84 (March 1959).

The wholesale price of refined cane sugar at New York was 9.35 cents per pound both at the start and the end of the fiscal year. The average price was 9.29. A price of 9.35 prevailed from July 1, 1958 to February 16, 1959, when it declined to 9.20. A further decline to 9.05 occurred on March 23, 1959 but on May 18, 1959, it returned to the 9.35 cent level.

Marketing Allotments

Sec. 205(a) of the Act provides that the quota for any area shall be allotted to persons who market or import sugar when necessary to insure orderly marketing and to afford interested persons an equitable opportunity to market sugar within such quota.

A public hearing was held in March 1959 regarding allotment of the 1959 quota for the domestic beet sugar area. The hearing record disclosed that the prospective supply of domestic beet sugar available for marketing in 1959 would exceed the area's quota to an extent that allotment of the quota was indicated. Consequently, an allotment order regulating the marketings of sugar within the quota for the domestic beet sugar area was issued in June and became effective July 22, 1959.

Since total Puerto Rican sugar supplies in 1959 are less than the Island's 1959 sugar quotas, it was not necessary to restrict marketings of Puerto Rican sugar, except for sugar shipped to the U. S. Mainland for direct consumption. Allotments governing such sugar became effective in January, 1958.

Payments to Producers

Payments are made to domestic producers of sugar beets and sugarcane who comply with certain requirements with respect to proportionate shares (acreage allotments). These requirements are non-employment of child labor, payment of fair and reasonable wages, and in the case of processor-producers, the payment of fair and reasonable prices for sugar beets or sugarcane purchased from other producers.

Pursuant to Title III of the Sugar Act of 1948, conditional payments on the 1958 crops totalling \$66,562,238 were made to about 63,735 sugar beet and sugarcane producers in 24 States, Hawaii, Puerto Rico and the Virgin Islands. (Table I)

TABLE I

Payments Under the Sugar Act of 1948 and Number of Payees, in the Domestic Sugar Producing Areas, Crop Years 1957 and 1958 1/

Payment and Payee	Domestic Beet Sugar Area	Mainland Cane Sugar Area	Hawaii	Puerto Rico <u>2/</u>	Virgin Islands	Total
	DOLLARS					
Payments on sugar beets or sugarcane:						
1957	35,809,117	7,136,130	10,052,121	12,956,116	193,282	66,146,766
1958	35,580,525	7,325,807	7,430,239	15,040,000	70,394	65,446,965
Abandonment and deficiency payments:						
1957	546,383	122,116	-	559,961	-	1,228,460
1958	728,475	72,193	-	260,000	54,605	1,115,273
Total payments:						
1957	36,355,500	7,258,246	10,052,121	13,516,077	193,282	67,375,226
1958	36,309,000	7,398,000	7,430,239	15,300,000	124,999	66,562,238
	NUMBER					
Payees:						
1957	39,641	6,664	1,046	16,809	324	64,484
1958	40,402	5,961	706	16,400	266	63,735

1/ Preliminary.
2/ 1957-1958 and 1958-1959 crops.

Excise and Import Taxes

The Act, through an amendment to the Internal Revenue Code, imposes a tax of 50 cents per hundred pounds of sugar, raw value, on all beet or cane sugar processed in or imported into the continental United States for direct consumption. The excise tax on sugar, under Public Law 545, was extended to June 30, 1961.

The following table shows taxes collected compared with obligations under the sugar program:

Fiscal Year	Sugar Tax Collections		Total	Total Obligations
	Excise Tax	Import Tax		
1938	\$30,569,130	\$2,680,298	\$33,249,428	\$22,080,599
1939	65,414,058	3,494,627	68,908,685	52,460,654
1940	68,145,358	5,456,207	73,601,565	47,212,400
1941	74,834,839	4,859,760	79,694,599	47,677,678
1942	68,229,803	4,088,963	72,318,766	47,869,513
1943	53,551,777	3,520,064	57,071,841	55,638,374
1944	68,788,910	5,097,940	73,886,850	54,818,026
1945	73,293,966	3,552,414	76,846,380	52,361,159
1946	56,731,986	3,231,592	59,963,578	48,418,425
1947	59,151,922	5,115,447	64,267,369	53,343,849
1948	71,246,834	3,284,502	74,531,336	54,797,108
1949	76,174,356	4,698,867	80,873,223	71,880,810
1950	71,188,029	4,091,155	75,279,184	59,935,494
1951	80,191,884	3,613,479	83,805,363	63,684,105
1952	78,473,191	3,621,210	82,094,401	69,813,289
1953	78,129,860	5,005,959	83,135,819	64,929,566
1954	73,885,000	4,498,368	78,383,368	59,630,519
1955	78,512,000	4,177,097	82,689,097	59,600,000
1956	82,894,000	4,806,321	87,700,321	59,600,000
1957	86,091,000	4,305,501	90,396,501	67,600,000
1958	85,911,000	4,957,798	90,868,798	67,662,500
1959	86,378,000	5,683,187	92,061,187	76,000,000
Subtotal	1,567,786,903	93,840,756	1,661,627,659	1,257,014,068
1960 (Est)	87,000,000	5,000,000	92,000,000	71,500,000
1961 (Est)	87,500,000	5,500,000	93,000,000	74,500,000
Total	1,742,286,903	104,340,756	1,846,627,659	1,403,514,068

Tax collections exceed total program obligations in the amount of \$404,613,591 for fiscal years 1938 through 1959.

The Sugar Act requires that determinations of fair and reasonable wages and prices shall be made by the Secretary after holding public hearings and after appropriate investigations. Determinations of wages and prices are issued annually for the following domestic areas: sugar beet, Louisiana and the Virgin Islands. For Hawaii, Puerto Rico, and Florida fair price determinations are issued annually but the wage determinations for these areas have been placed on a continuing basis - (Hawaii in 1954, Puerto Rico in 1957, and Florida in 1959).

Under the wage determinations issued during the 1959 fiscal year, wage rates continued unchanged in all areas, except Florida. For Florida two wage determinations were issued during the year. The first, issued August 8, 1958, applicable from August 14, 1958 to June 30, 1959 increased the basic wage rates by 5 cents per hour, and the second, issued June 29, 1959, applicable after July 1, 1959 increased the basic time rates 10 cents per hour. The latter determination was issued on a continuing basis to remain in effect until amended, superseded, or terminated.

Fair price determinations were issued for all domestic producing areas and two of these determinations were amended. The determination for the sugar beet area continued the provisions of the prior determination except that the determination did not apply to the Imperial Valley. Subsequently, two amendments to this determination were issued affecting primarily the producers and processors in the Imperial Valley. These amendments established the maximum amounts which processors could charge producers for freight on sugar beets grown in the Imperial Valley and shipped to processing plants located outside the Valley and required all processors to submit to the Department statements showing the computation of net returns for beet sugar and, where applicable, the quantities of sugar marketed by a processor to affiliate companies.

The determination for Louisiana provided rates for establishing the maximum allowance which processors are required to pay to producers for hauling sugarcane from the farm to the mill and eliminated the requirements for a molasses payment on frozen sugarcane with excessive acidity. The determination for Florida was changed to provide that processors elect either of two specified methods for ascertaining the quality of producers' sugarcane and to eliminate the previously permitted deduction from the raw sugar price of handling and storing expenses on over-quota sugar. Basic pricing provisions of both determinations were unchanged from the prior year.

The provisions of the price determinations for Puerto Rico and the Virgin Islands were continued without change except for minor revisions in Puerto Rico which did not materially affect the price for sugarcane. The fair price determinations for the 1956, 1957 and 1958 crops of Hawaiian sugarcane were amended to permit processors under certain conditions to charge producers administrative overhead costs incurred while acting as agent for the producer in the handling and delivery of raw sugar and molasses. The Hawaiian fair price determination for the 1959 crop increased the maximum tolling rates which processors may charge producers for processing sugarcane by 3 percentage points. Minor changes were made in some of the provisions

of the determination which were not expected to affect the producer-processor sharing relationship.

During the fiscal year, investigations of problems related to wage and price determinations were conducted in all domestic producing areas, prior to public hearings in such areas.

Proportionate Share Determinations (Acreage Allotment)

Proportionate shares for sugar beet and sugarcane farms are established for each crop since the marketing of sugar beets or sugarcane within such shares constitutes one of the conditions for payment. Restrictive proportionate shares are required in any area when the indicated sugar production is greater than the quantity needed to fill the quota and provide a normal carryover inventory for such area.

In view of the level of supplies and potential production of sugar in the mainland cane area, a determination was issued on July 14, 1958, continuing restrictive proportionate shares on the 1959 crop. However, on March 4, 1959, the Department eased acreage restrictions by permitting the harvesting for sugar or seed of all 1959-crop acreage of sugarcane then growing. This action was taken to increase the sugar supply in the area since the effective inventory on January 1, 1959, was lower than desirable. The depletion of stocks resulted from increases in the 1958 marketing quota for the mainland cane sugar area stemming from large deficits in offshore domestic areas, and a smaller than anticipated 1958-crop sugar production in the area itself.

A determination issued May 25, 1959, established 1960-crop proportionate shares for sugarcane farms in the mainland cane area on a nonrestrictive basis by permitting the marketing for sugar or seed of all sugarcane on each farm. This action will enable processors to meet marketing opportunities for 1960 as well as to build up inventories to a more normal level.

Restrictive proportionate shares were continued for the 1959 crop in the domestic beet sugar area. In a determination issued October 2, 1958, State acreage allocations were established within the national sugar beet acreage limitation which was set at 925,000 acres, compared with a final allotment of 935,000 acres for 1958, 950,000 acres for 1957 and 850,000 acres for each of the crops in 1955 and 1956. ASC State Committees were assigned responsibility for the establishment of individual farm proportionate shares within State acreage allocations and within the guidelines set forth in the determination.

A determination issued December 3, 1958, established 1958-59-crop proportionate shares for sugarcane farms in Puerto Rico at the level of actual marketings, because the island's indicated sugar supplies appeared inadequate to fill its marketing quotas and provide a normal carryover. It is the third straight year of nonrestrictive sugarcane marketings for the area.

The proportionate share determination for the Virgin Islands was placed on a continuing nonrestrictive basis in July 1954. This determination established proportionate shares for each farm in the area at the actual

level of production. Subsequent crop production has not required the imposition of restrictions.

The determination issued in June 1955, applicable to the 1955 and subsequent crops, established proportionate shares for farms in Hawaii at the actual level of production. However, the proportionate share for the farm of any processor-producer is conditioned upon the maintenance of the existing relationship between the acreage of sugarcane cultivated by the processor-producer and the acreage cultivated by independent growers.

Studies, Surveys and Reports

During the fiscal year 1959 a report was completed of costs, returns, profits, investment and man-hours in the production of sugar beets and in the processing of beet sugar for the crop years 1953 through 1955. Field work was completed for similar studies with respect to sugarcane production and raw cane sugar processing for Puerto Rico for the crop years 1956 through 1958, and commenced for Louisiana for the crop years 1956 through 1958.

Summarization of a Hawaiian study was completed, and the report was in process of preparation. Also, summarization of the Puerto Rican study was in process at the end of the fiscal year 1959.

"Sugar Statistics and Related Data, Compiled in the Administration of the U. S. Sugar Acts, Volume II, Agricultural, Manufacturing and Income Statistics for the Domestic Sugar Areas," (Revised), was issued in December 1958.

Sugar Reports, the monthly publication of the Sugar Division, was issued throughout the 1959 fiscal year. This publication contains the latest data available on the domestic movement, supply and price situation, analyses of the world and domestic market situation and analysis of current problems of interest to domestic producers and consumers.

International Sugar Agreement

In the fall of 1958, following four weeks of negotiations in Geneva, Switzerland, a new International Sugar Agreement was adopted by representatives of the world's leading exporting and importing countries. The new agreement is for a 5-year period and became effective January 1, 1959.

Although the new agreement was not signed on behalf of the United States, this Government has deposited with the Government of the United Kingdom a notification to seek accession to the agreement in accordance with constitutional procedures of the United States. On May 20, 1959, the President submitted a message to the United States Senate transmitting a copy of the agreement with a view to receiving its advice and consent to accession. The Senate took such action on July 21, 1959.

The new agreement promises to be more effective than the previous one because of the participation of all major exporting countries including Brazil, Peru and Indonesia, countries which were not members throughout the entire period

of the previous agreement. As of June 30, 1959, a total of 22 exporting and 7 importing countries had signed the agreement and had either ratified or declared their intention to seek ratification.

The world sugar market fluctuated widely during the latter part of the fiscal year because of the large world sugar crop of 1958-59 and the unsettled political situation in Cuba, the largest exporter. Prices were quite stable from July to November 1958, monthly averages ranging from 3.42 cents to 3.50 cents per pound. In December, importing countries, concerned over conditions in Cuba, began heavy purchases to hedge against any failure in the Cuban crop. On December 31 the price rose to 3.67 cents per pound and for the month averaged 3.64 cents. Termination of the successful revolution on January 1, 1959, allayed fears regarding the Cuban crop and the world price fell to 3.40 cents on January 2, the first market day of the new year. From that point on, the price declined steadily to 2.75 cents on June 30, 1959.

The International Sugar Council held its first meeting under the new agreement on January 28, 1959, in London. In view of the lingering sugar production uncertainty in Cuba, and despite the world price decline, the Council set initial 1959 export quotas at 100 percent of the sum of the basic export and special reserve tonnages of the agreement. This export quota level was almost one million tons higher than estimated net requirements of the world free market.

Export quotas were automatically cut 2 1/2 percent on February 21, 1959, following a period of 17 days when the spot price, f.a.s. Cuba, averaged less than 3.25 cents per pound. Later in the month the Council reduced quotas another 5 percent and ruled that each exporting country with a basic quota of more than 75,000 tons must withhold another 10 percent of its basic export tonnage for as long as market conditions warranted.

The Council held its third 1959 meeting in London on June 16-17, 1959 and cut quotas the full limit under the provisions of the agreement to 80 percent of the basic export tonnages for countries with basic export tonnages in excess of 50,000 tons and to 90 percent for countries with smaller quotas.

Representatives of the United States attended all Council sessions. Also, data relating to production, supplies and imports of the United States were furnished to the Council monthly.

Field Administration of Program

The Sugar Program is administered in the counties by elected county and community committeemen and in the States by State Agricultural Stabilization and Conservation Committees composed of resident farmers appointed by the Secretary.

Administrative expense allocations to States are based on workload data for the previous year adjusted to reflect any contemplated changes in program operations.

Workload Data

Tables II and III set forth the workload data in connection with the 1959 crop (fiscal year 1960).

Table II

State	Number of Counties	Number of Farms	Estimated planted Acreage
Illinois	4	107	1,970
Indiana	1	1	23
Iowa	4	26	1,340
Michigan	26	3,396	78,200
Ohio	18	1,149	22,190
Wisconsin	20	592	8,600
Midwest Area	73	5,271	112,323
California	31	2,381	201,100
Colorado	23	4,347	144,500
Kansas	10	128	8,400
Nevada	1	10	470
New Mexico	1	18	750
Texas	5	52	1,780
Utah	13	2,204	33,900
Southwest Area ...	84	9,140	390,900
Idaho	23	3,991	87,900
Minnesota	25	966	74,100
Montana	20	1,319	56,500
Nebraska	23	1,656	64,000
North Dakota	8	597	38,600
Oregon	3	565	19,500
South Dakota	5	133	5,900
Washington	7	1,173	34,100
Wyoming	11	1,004	38,500
Northwest Area ...	125	11,404	419,100
Total States	282	25,815	922,323

Table III

Sugar Act Program (Cane)
Estimated Workload Data for the 1959 Crop

	: : Number : of : Counties	: Number : of : Mill : Areas	: : Plantation: : Mill : Districts	: : Number: : of : Farms	: : Estimated : Planted : Acreage*	: : Estimated : Harvested : Acreage
Florida	4	-	-	15	48,000	-
Louisiana	19	-	-	2,800	273,000	-
Puerto Rico ...	-	26	-	16,000	-	340,000
Hawaii	-	-	27	800	-	105,000
Virgin Islands	-	1	-	270	-	4,247
Total	23	27	27	19,885	321,000	449,247

* Not available for Puerto Rico, Hawaii and the Virgin Islands.

(c) Conservation Reserve Program

Appropriation Act, 1960, and base for 1961	\$335,000,000
Budget Estimate, 1961	<u>361,783,000</u>
Increase	<u><u>\$26,783,000</u></u>

SUMMARY OF INCREASES AND DECREASES, 1961

Increase in program payments to producers under the 1960 program due to an increase in the number of term contracts compared with the 1959 program	\$31,599,200
Decrease in operating expenses	-4,816,200

PROJECT STATEMENT

Project	1959	1960 (estimated)	Increase or Decrease	1961 (estimated)
1. Conservation reserve:				
program:				
a. Program payments	\$154,981,635	\$316,400,000	\$161,418,365(1)	\$347,999,200
b. Operating expenses	16,168,971	18,600,000	-2,431,029(2)	13,783,800
c. Total employee health benefit costs (P.L.86-382)	<u>1-7</u>	<u>1-7</u>	<u>1721,765</u>	<u>1721,765</u>
Subtotal a/	171,150,606	b/335,000,000	\$163,849,394	361,783,000
Unobligated balance ..	181,787	- -	- -	- -
Total available or estimate	171,332,393	335,000,000	\$163,667,607	361,783,000
Transferred to other agencies for pay, postal, and other costs	<u>28,667,607</u>			
Total appropriation ..	<u>200,000,000</u>			

a/ Represents obligations. Applied costs are \$170,824,552 in 1959, \$335,542,981 in 1960, and \$362,186,000 in 1961. The difference of \$326,054 in 1959 reflects, primarily, a recovery of prior year obligations. The difference of \$542,981 in 1960 and \$493,000 in 1961 reflect the estimated excess of tree seedling production over orders placed for tree seedlings in those years.

b/ In addition, \$29,767,582 of prior year appropriations advanced to the Commodity Credit Corporation will be available in 1960 for payments to producers. Due to uncertainties of estimating completion of practice payments within a fiscal year, it is not possible to estimate in advance the balance to be carried into 1961 by CCC.

Basis of Estimate

Under the Conservation Reserve Program authorized by the Soil Bank Act, farmers voluntarily contract to take cropland out of production for periods of from 3 to 10 years and devote it to conservation uses. In return the farmer receives (1) an annual rental payment for the contract period, and (2) assistance in either cash or conservation materials and services for carrying out approved conservation practices on the reserved acreage. Farmers may plant the reserved acreage to approved grasses, legumes, or trees, or devote it to a soil-water-forest or wild life conservation practice. They may not harvest a crop from the reserved acres nor graze them, except when authorized in emergencies.

The Soil Bank Act authorizes programs for the five calendar years 1956 through 1960. Contracts may be entered into with producers under each calendar year program which, together with contracts already entered into, would require payments to producers not in excess of \$450 million in any calendar year. The 1958 Appropriation Act reduced the authorization for the 1958 program to \$325 million and the 1959 and 1960 Appropriation Acts provide for a \$375 million program for the calendar years 1959 and 1960.

The term contracts require annual payments each year the contracts are in force. Therefore, each year that new contracts are negotiated a larger part of the program authorization is required for annual rental payments. About 246,220 farms participating in the 1959 program put about 22.4 million acres in the conservation reserve. The \$375 million authorization for the 1960 program will provide for about 5.4 million additional acres on about 55,000 farms. The cumulative participation through the 1960 program is estimated to be around 28 million acres on 301,200 farms.

The appropriation for program payments is based on anticipated cash requirements for a fiscal year. Each appropriation which is on a fiscal year basis covers payments under two or more calendar year programs. Determining the cash requirements on the calendar year programs is difficult and is complicated further by such unpredictable factors as weather conditions, availability of material to carry out planned practices, and the farmer's ability to complete practices. The 1961 budget estimate includes funds that will be required for payments due producers under existing contracts only in the fiscal year 1961. Appropriations will be required in future years for payments due in such years under the terms of the contracts.

The following table outlines the estimated financial requirements of the Conservation Reserve Program, and shows the distribution of these requirements for the fiscal years 1959, 1960 and 1961. The Budget Estimate for 1961 is predicated on existing legislation which does not provide for a 1961 program.

Estimated Requirements, Conservation Reserve Program
1956 through 1960 Programs in
Fiscal Years 1959 through 1960

Item	1959	1960 (estimated)	Increase or Decrease	1961 (estimated) (No 1961 Program)
<u>Program Expenses:</u>				
Annual rental payments:				
1956-1958 programs	\$86,370,383:	\$86,300,000:	-\$2,200,000:	\$84,100,000
1959 program	- - :	172,100,000:	- - :	172,100,000
1960 program	- - :	- - :	72,900,000:	72,900,000
Total, annual payments	86,370,383:	258,400,000:	70,700,000:	329,100,000
Practice payments: a/				
1956-1958 programs	20,077,900:	- - :	- - :	- -
1959 program	46,633,062:	39,609,000:	-37,379,000:	2,230,000
1960 program	- - :	17,391,000:	-1,070,400:	16,320,600
Total, practice payments ..	66,710,962:	57,000,000:	-38,449,400:	18,550,600
Total, payments to produc- ers b/	153,081,345:	315,400,000:	32,250,600:	347,650,600
Production of tree seedlings ..	1,900,290:	1,000,000:	-651,400:	348,600
Total Program Expenses	154,981,635:	316,400,000:	31,599,200:	347,999,200
<u>Operating Expenses:</u>				
Commodity Stabilization Service:				
National and ASC State Com- mittees	1,960,107:	2,546,000:	18,600:	2,564,600
ASC County Committees	12,996,948:	14,920,100:	-4,420,100:	10,500,000
Subtotal, Commodity Stabili- zation Service	14,957,055:	17,466,100:	-4,401,500:	13,064,600
Other Agencies:				
Agricultural Conservation Pro- gram Service	20,558:	30,000:	- - :	30,000
Forest Service	606,562:	635,000:	-212,600:	422,400
Soil Conservation Service ...	541,652:	300,000:	-174,200:	125,800
Office of the General Counsel :	34,488:	160,000:	-19,000:	141,000
Office of Information	8,656:	8,900:	-8,900:	- -
Subtotal, other agencies ..	1,211,916:	1,133,900:	-414,700:	719,200
Total, Operating Expenses ..	16,168,971:	18,600,000:	-4,816,200:	13,783,800
Total, Conservation Reserve Pro- gram	171,150,606:	335,000,000:	26,783,000:	361,783,000
Unobligated balance	181,787:	- - :	- - :	- -
Transferred to other agencies for pay and other costs	28,667,607:	- - :	- - :	- -
Total appropriation or estimate	200,000,000:	335,000,000:	26,783,000:	361,783,000

a/ Distribution by program years estimated.

b/ In addition \$29,767,582 of prior year appropriations advanced to the Commodity Credit Corporation will be available in 1960 for payments to producers. Due to uncertainties of estimating completion of practice payments within a fiscal

year, it is not possible to estimate in advance the balance to be carried into 1961 by CCC.

INCREASES AND DECREASES

(1) An increase of \$31,599,200 in program payments. It is estimated that annual rental and practice payments totalling \$347,999,200 will be made during the fiscal year 1961 under the 1956, 1957, 1958, 1959, and 1960 contracts. This is an increase of \$31,599,200 above the amount of payments estimated to be made in the fiscal year 1960.

Annual rental payments:

Through the 1958 program, the announced basic national rate of annual rental payments per acre was about \$10. This rate was increased to \$13.50 an acre for new contracts entered into for the 1959 and 1960 programs.

In the fiscal year 1961 annual payments of \$256,200,000 will be made on contracts entered into from 1956 through 1959, and it is estimated that annual payments of \$72,900,000 will be made on the 1960 contracts in fiscal year 1961. This amount was determined by taking into account the following factors. Of the total \$375 million authorization available for contracts, deductions were made for annual payments on prior year unexpired contracts and for the production of tree seedlings. The balance of the funds thus available for new contracts was divided between the estimated annual and practice payments on a ratio based on experience acquired from past programs, taking into consideration pertinent program changes. In accordance with this procedure, it is estimated in the fiscal year 1961 the annual payments on the new 1960 contracts will be \$72,900,000, and the total annual payments for the fiscal year 1961 will be \$329,100,000. The payments will be made on a total of 27.8 million acres, consisting of 22.4 million under contracts signed for 1959 and prior contracts, and 5.4 million acres under 1960 contracts. The increased acreage under the 1960 contracts is estimated to be about 0.3 million acres in excess of the goal of 5.1 million acres established at the beginning of the 1960 program.

Conservation practice payments:

In the fiscal year 1961, the estimated practice payments on all contracts entered into from 1956 through the 1960 program are \$18,550,600, or \$38,449,400 less than the \$57,000,000 estimated in the fiscal year 1960.

The anticipated decrease results from two factors: (1) a major part of the 1960 authorization for the 1960 program was required for annual payments, thus reducing the amount available for new acreage, and (2) under existing authority the program terminates after 1960. The estimated payments to be made in 1961 were determined on the basis of the estimated total practice signup on all programs, less the practices performed or estimated to be performed through June 30, 1960. Based on prior year experience, it is estimated that practices will be performed in fiscal year 1961 which will require payments of \$18,550,600.

Production of Tree Seedlings:

The cash requirements in the fiscal year 1961 for the production of tree seedlings are \$348,600, or \$651,400 less than the estimate for the fiscal year 1960. This reduction is possible because of the estimated increase in receipts from the sale of seedlings in fiscal year 1961 which will be available for operation of the seedling program.

(2) A decrease of \$4,816,200 in operating expenses. Funds for operating expenses are estimated to be \$13,783,800 for the fiscal year 1961. This compares with the estimated expenses of \$18,600,000 for the fiscal year 1960.

Of the total decrease, \$4,420,100 is in the operating expenses of the ASC county committees. Estimated expenses for the fiscal year 1961 are \$10,500,000, compared with estimated expenses for the fiscal year 1960 of \$14,920,100. Under the 1960 program the number of farms increased from about 246,220 to 301,200, and the operating expenses for administering this phase of the program will increase \$1,319,000. This increase, however, will be more than offset by an estimated reduction of \$5,739,100 since no provision is made in this estimate for a 1961 program. This eliminates expenses which would otherwise be required in counselling farmers on new program provisions, establishing maximum annual payment rates, preparing applications and measuring acreage.

The remaining net decrease of \$396,100 in operating expenses includes (a) an increase of \$18,600 for CSS National and ASC State committees for employee health benefit costs and (b) a net decrease of \$414,700 by other Department agencies resulting from termination of the program under existing legislation, as follows: In the Forest Service, a reduction of \$212,600 for activities in connection with the tree-planting program; in the Soil Conservation Service a reduction of \$174,200 in technical services; in the Office of General Counsel a decrease of \$19,000 for a smaller number of cases requiring legal action; and in the Office of Information a reduction of \$8,900 for informational activities.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

- For necessary expenses to carry out a conservation reserve program * * * and to carry out liquidation activities for the acreage reserve program, [\$335,000,000] \$361,783,000: Provided, That not to
- 1 exceed [\$18,600,000] \$13,783,800 shall be available for administrative
 - 2 expenses, of which not less than [\$14,400,000] \$10,500,000 may be transferred to the appropriation account "Local administration,
 - 3 section 388, Agricultural Adjustment Act of 1938": [Provided further, That no part of this appropriation shall be used to enter into contracts with producers which, together with contracts already entered into, would require payments to producers (including the cost of materials and services) in excess of \$375,000,000 in any calendar year, and for purposes of applying this limitation, practice payments shall be chargeable to the first year of the contract period: Provided further, That no part of these funds shall be used to enter into contracts to pay rental compensation to any individual or corporation in excess of \$5,000 per annum:] Provided further, That no part of these funds shall be paid on any contract which is illegal under the law due to the division of lands for the purpose of evading
 - 4 limits on annual payments to participants [: Provided further, That clause (2) of the fourth proviso relating to annual rental payments under this head in Public Law 85-459 shall not be applicable to contracts hereafter entered into: Provided further, That (1) no part of the funds authorized for 1960 may be used to enter into annual rental contracts for a period of time or at rates or in amounts which are in excess of limitations imposed by present regulations or announcements, (2) in establishing annual rental rates for new contracts, no such rental rate shall be established in excess of the local fair rental value of the acreage offered, such fair rental value to be based upon the average annual crop production harvested from such acreage during the past five crop years including the current year, (3) in handling funds within any State, first consideration shall be given to those applicants who were not offered contracts during the 1959 sign-up due to limitation of funds, and (4) in the allocation of funds and administration thereof, the Department shall not allocate funds on any basis not in accord with the purposes as set forth in the basic law].

The first change decreases the limitation on the total amount which may be used for administrative expenses from \$18,600,000 to \$13,783,800. The decrease of \$4,816,200 reflects the decreased workload because of the expiration under present legislation of the program authorization after 1960.

The second change decreases the minimum amount which may be transferred to the appropriation account "Local administration, section 388, Agricultural Adjustment Act of 1938" from \$14,400,000 to \$10,500,000. The decrease of \$3,900,000 in this limitation is proposed because of the decreased workload of the Agricultural Stabilization and Conservation county committees because of the expiration of the program authorization after 1960.

The third and fourth changes propose deletion of the following provisos:

(1) limiting payments under contracts in any calendar year to an amount which, together with payments under contracts already entered into, would not exceed \$375,000,000 in any calendar year; (2) limiting rental payments to any individual or corporation under contracts entered into in excess of \$5,000 per annum; (3) providing that the annual rental payment rates (clause (2) of the fourth proviso under the Conservation Reserve Program heading in the Appropriation Act for the fiscal year ending June 30, 1959, P.L. 85-459), shall not exceed 20 percent of the value of the land placed in the reserve, such value to be determined without regard to physical improvements and geographic location of the land; (4) Providing that the annual rental payments under new contracts entered into shall not be for a period of time, or at rates, or in amounts, which are in excess of the limitations imposed by the present regulations or announcements; (5) Providing that in establishing annual rental rates for new contracts, the rental rate shall not be in excess of the local fair rental value of the acreage offered, such fair rental value to be based upon the average annual crop production harvested from such acreage during the past five years, including the current year; (6) Requiring that in handling the program authorization within any State, first consideration shall be given to those applicants who were not offered contracts during the 1959 sign-up due to limitation of funds; and (7) Providing that in the allocation of the program authorization and in its administration, the authorization shall not be allocated on any basis not in accordance with the purposes set forth in the Soil Bank Act.

As the 1960 program is the last authorized by the Soil Bank Act, provisions relating to the conditions and limitations for entering into new contracts in the fiscal year 1961 are not required.

Note:

* * * * *

P.L. 86-341, approved September 21, 1959, an Act to extend the Agricultural Trade Development and Assistance Act of 1954 and for other purposes, provides that in lieu of the limitation on annual payment rates for 1960 Conservation Reserve contracts prescribed by clause (2) of the sixth proviso under the head Conservation Reserve in the 1960 Appropriation Act (P.L. 86-80), no annual payment rates shall be in excess of 20 percent of the value of the land placed under contract, such value to be determined without regard to physical improvements or geographical location, but in no event shall the annual payment rate be established in excess of the maximum rate which the county committee determines would have been established under the 1959 program, except that the county committee in making such determination shall not be required to obtain the landowner's or operator's estimate of the value or his certificate as to production history and productivity.

Since this provision applies only to the 1960 Conservation Reserve contracts, it expires with the termination of the 1960 program.

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STATUS OF PROGRAM

Major Provisions of Program

1. Objective - The Conservation Reserve Program is part of the overall program to reduce the surplus of agricultural commodities. Its purposes are to (1) adjust crop acreage more nearly in line with demands by withdrawing cropland from production, and (2) establish and maintain sound conservation practices on the land withdrawn. The Government assists farmers agreeing to withdraw land for a specified period of years by making annual rental payments to farmers cooperating in the program, and by sharing in the cost of establishing long-term conservation practices.

2. Size of Program - The Soil Bank Act provides a contract authorization of \$450 million in a calendar year. The 1958 Appropriation Act reduced this amount to \$325 million for the 1958 program. The 1959 and 1960 Appropriation Acts provide for a \$375 million program for each of the 1959 and 1960 calendar years.

3. Removing Land from Production - A producer who wishes to participate in the Conservation Reserve Program must sign a contract in which he agrees to remove cropland from the production of crops and devote it exclusively to conservation uses. This land is placed in the conservation reserve. He also agrees to comply with the acreage allotments established for the farm and to reduce his total cropland by the acreage put in the conservation reserve. In return, the producer receives an annual rental payment for the acreage put in the reserve to compensate him in part for the income a producer may expect to receive had crops been grown. He may also receive assistance equal to 50 to 80 percent of the cost to establish protective cover or other conservation practices.

4. Use of Land in Conservation Reserve - A producer participating in the program agrees, among other things, (a) to establish or maintain protective cover (grasses, legumes, or trees), water storage or some other approved conservation practice on designated acres, (b) not to harvest any crops from these acres, except timber in keeping with good forestry management, (c) not to pasture these acres during the contract period, except as may be approved by the Secretary, and (d) to limit the crop acreage on the farm to what is known as the "soil bank base" established by the ASC County Committee. In general, the soil bank base is the acreage that normally produces soil bank base crops such as grain sorghum, wheat, cotton, soybeans, potatoes, sugar beets, seed crops, etc.

5. Duration of Program and Length of Contracts - Producers may negotiate contracts during a period of five calendar years from 1956 through 1960. The conservation reserve contracts are for periods of three to 10 years. Three-year contracts apply only to land on which adequate protective cover exists and no cost-sharing practices are required.

6. General Provisions - Among other things (a) producers must be in compliance with all acreage allotments and the farm soil bank base; (b) tenants and sharecroppers have full right to share in benefits; and (c) a farmer's historical acreage for allotment purposes will be protected.

7. Advances to Commodity Credit Corporation - The Soil Bank Act authorizes the Secretary to use the facilities of the Commodity Credit Corporation in administering the Soil Bank Programs. Payments to producers are made by the issuance of sight drafts which are redeemed by the Corporation. The Act specifies that after June 30, 1957, the Commodity Credit Corporation shall not make any payments for the Soil Bank Programs unless it has received in advance funds from appropriations made for this purpose.

The amount of payments due under each program is based on approved contracts and agreements. The timing of the payments by fiscal years is more difficult to predict and is dependent upon the producer's completion of performance.

8. Payments - Two kinds of payments are made under the Conservation Reserve Program. They are:

(a) Annual rental payments - An annual payment is made on all land put in the Conservation Reserve, based on per-acre rate multiplied by the number of acres put in the Conservation Reserve. The national average approved per-acre rate for the 1956, 1957, and 1958 programs was \$10.00 and for the 1959 and 1960 program is \$13.50 for the reserve acreage representing a reduction in the soil bank base crops. This rate varied among States and counties. For the 1956-1958 programs the annual payment per acre was 30 percent of the above rate where the reserve acreage provides no reduction in soil bank base crops, and for the 1959 and 1960 programs 50 percent. Total annual rental payment to any farm producer in any year is limited to \$5,000.

(b) Cost-sharing assistance payments - Unless the land in the reserve has a satisfactory protective vegetative cover, the producer is required to establish a soil or water conservation practice. Payments for these practices, determined by State and county ASC committees, range from 50 to 80 percent of such costs, except that practices for the establishment of water and marsh management, and the construction of dams and ponds, are on a sliding scale and the practice of establishing cover beneficial to wildlife is based on the cost of other specified practices. Cost-sharing payments are made only in case of contracts covering a period of at least five years.

(c) Accomplishments - In the calendar year 1958 under the 1956, 1957, and 1958 programs are as shown in the following Tables I, II, and III.

Table I

CONSERVATION RESERVE PROGRAM

Farms with Contracts, Individuals Signing Contracts, and Amount of Assistance
1956, 1957, and 1958 Contracts Only

CALENDAR YEAR 1958

State and Region	Farms with Contracts	Individuals Signing Contracts	Amount of Payments 1/		
			Annual	Practice	Total
	Number	Number	Dollars	Dollars	Dollars
Maine.....	1,482	1,492	447,044	203,930	650,974
N. H.	114	114	14,496	15,399	29,895
Vermont.....	308	310	44,059	23,782	67,841
Mass.....	31	31	4,612	3,016	7,628
R. I.	—	—	—	—	—
Conn.....	11	11	2,038	3,118	5,156
N. Y.	3,518	3,557	1,183,807	653,711	1,837,518
N. J.	208	209	82,832	52,187	135,019
Pa.....	1,767	1,794	495,231	180,109	675,340
N. Atlantic...	7,439	7,518	2,274,119	1,135,252	3,409,371
Ohio	1,714	1,759	533,857	151,457	685,314
Ind.....	936	978	298,508	134,606	433,114
Ill.....	451	497	175,619	133,908	309,527
Mich.....	4,009	4,080	1,240,201	557,423	1,797,624
Wisc.....	4,302	4,387	1,423,372	201,383	1,624,755
Minn.....	13,056	13,835	9,432,920	1,977,019	11,409,939
Iowa.....	1,645	1,822	804,816	173,129	977,945
Missouri.....	3,378	3,588	1,115,301	2,446,348	3,531,649
N. Dak.	5,721	7,261	7,541,343	1,281,377	8,822,720
S. Dak.	5,589	7,058	5,335,610	1,194,789	6,530,399
Nebraska.....	2,196	2,607	1,220,777	506,265	1,727,042
Kansas	5,671	7,044	4,357,534	2,531,172	6,888,706
N. Central....	48,668	54,916	33,479,858	11,258,876	44,738,734
Del.....	42	45	18,108	13,276	31,384
Md.....	447	474	175,768	62,138	237,906
Va.....	480	489	87,215	51,400	138,615
W. Va.	140	143	32,467	62,142	94,609
N. C.	2,481	2,556	520,662	400,471	921,133
S. C.	5,221	5,373	1,655,382	345,300	2,000,682
Ga.....	7,643	7,954	2,952,128	1,475,995	4,428,123
Fla.....	1,235	1,263	688,487	361,409	1,049,896
S. Atlantic...	17,689	18,297	6,130,217	2,772,131	8,902,348
Ky.	970	1,010	256,051	266,827	522,878
Tenn.....	2,480	2,587	764,510	820,909	1,585,419
Ala.....	3,233	3,315	784,527	605,800	1,390,327
Miss.	2,873	2,914	1,074,593	405,791	1,480,384
Ark.....	2,965	3,120	1,080,670	813,613	1,894,283
La.....	1,346	1,445	566,003	118,890	684,893
Okla.....	8,565	10,017	5,276,929	2,354,551	7,631,480
Texas.....	19,516	23,445	20,105,919	6,284,694	26,390,613
S. Central....	41,948	47,853	29,909,202	11,671,075	41,580,277
Mont.....	663	759	960,769	158,792	1,119,561
Idaho.....	342	402	475,037	84,845	559,882
Wyo.....	252	284	277,601	26,457	304,058
Colo.	3,081	3,794	4,593,617	727,982	5,321,599
N. Mex.	3,301	4,121	6,409,765	1,253,098	7,662,863
Ariz.....	62	77	97,196	10,498	107,694
Utah	516	586	806,700	145,173	951,873
Nev.	1	1	91	—	91
Wash.....	467	572	541,789	231,691	773,480
Oreg.	794	869	739,772	215,027	954,799
Calif.....	279	324	419,462	161,309	580,771
West	9,758	11,789	15,321,799	3,014,872	18,336,671
U. S.	125,502	140,373	87,115,195	29,852,206	116,967,401

1/ Excludes \$725,978 of annual and practice payments withheld, refunded or forfeited due to contract violations or other reasons. Data obtained from performance reports.

Table II

CONSERVATION RESERVE PROGRAM

Summary of conservation practices carried out under the 1956, 1957, and 1958 Conservation Reserve Program

Calendar Year 1958

Practice	Prac- tice number	Areas included			Extent		Amount of approved cover obtained	Amount of assistance	
		States	Counties	Farms	Unit	Amount		Average rate per unit	Total
		Number	Number	Number			Acres	Dollars	Dollars
1 Permanent cover for soil protection.....(Summary).	A-2	(44)	(2,054)	(46,296)	Acre	(4,037,067)	8,333,496	xx	(23,478,646)
2 Complete.....		44	2,049	41,147	Acre	3,492,745	3,333,496	6.21	21,678,555
3 Components only.....		26	260	5,149	Acre	544,322	xx	3.31	1,800,091
4 Liming.....	A-4(A)	12	190	953	Acre	31,736	xx	7.36	233,667
5 Rock or colloidal phosphate.....	A-4(B)	1	3	6	Acre	74	xx	5.12	379
6 Planting trees or shrubs (forestry).....	A-7	42	1,171	13,644	Acre	391,574	2/ 386,765	10.79	4,223,677
7 Preparation for tree planting in a subsequent calendar year.....	A-7(A)	1	1	1	Acre	10	xx	2.50	25
8 Cultivation of trees planted in a prior calendar year.....	A-7(B)	2	3	4	Acre	114	xx	1.63	186
9 Planting trees or shrubs (erosion control).....(Summary).	A-8	(17)	(121)	(335)	Acre	(2,081)	(2,057)	xx	(61,929)
10 Complete.....		17	121	334	Acre	2,067	3/ 2,057	29.94	61,887
11 Components only.....		1	1	1	Acre	14	xx	3.00	42
12 Preparation for tree planting in a subsequent calendar year.....	A-8(A)	2	12	17	Acre	132	xx	4.13	545
13 Cultivation of trees planted in a prior calendar year.....	A-8(B)	3	65	218	Acre	1,698	xx	3.15	5,344
14 Dams, pits or ponds to improve vegetative cover.....(Summary).	B-7	(24)	(270)	(1,161)	Structure	(1,304)	(1,871)	xx	(693,743)
15 Complete.....		24	269	1,152	Structure	1,295	1,871	536.00	693,515
16 Components only.....		2	4	9	Structure	9	xx	25.00	228
17 Dams, pits or ponds for irrigation water.....	C-14	9	47	184	Structure	240	474	470.00	112,856
18 Vegetative cover for winter protection from erosion.....	D-1	19	118	1,137	Acre	61,754	14/ 42,757	4.08	251,902
19 Vegetative cover for summer protection from erosion.....(Summary).	D-2	(17)	(156)	(1,326)	Acre	(161,812)	(14,076)	xx	(447,920)
20 Complete.....		17	156	1,324	Acre	161,341	14/ 14,076	2.77	446,736
21 Components only.....		1	2	2	Acre	471	xx	2.51	1,184
22 Establishment and management of cover for wildlife.....(Summary).	G-1	(33)	(235)	(783)	Acre	(27,666)	(19,424)	xx	(190,768)
23 Complete.....		33	228	724	Acre	25,077	19,424	7.29	182,734
24 Components only.....		6	23	59	Acre	2,589	xx	3.10	8,034
25 Water and marsh management to benefit fish and wildlife.....	G-2	20	56	158	Acre	2,089	2,089	40.32	84,228
26 Constructing dams or ponds for fish.....	G-3	23	154	379	Structure	400	555	588.00	235,163
TOTAL (INCLUDES DATA FROM LINES 1, 4, 5, 6, 7, 8, 9, 12, 13, 14, 17, 18, 19, 22, 25 AND 26).....	xx	47	2,393	61,306	xx	xx	3,803,564	xx	30,020,978
Adjusted for the amount of practice payment withheld, forfeited, or refunded									-168,772
Adjusted Total									29,852,206

17 Excludes 159,249 acres which failed.

22 Excludes 4,809 acres which failed.

3/ Excludes 10 acres which failed.

14/ Includes only acreages of reseeding annuals meeting permanent cover requirements.

22 84 acres (seeded for permanent cover) which failed are excluded.

22 36 acres (seeded for permanent cover) which failed are excluded.

22 Includes 5,326 acres of annual seedlings.

3/ 327 acres (seeded for permanent cover) which failed are excluded.

Table III

CONSERVATION RESERVE PROGRAM

Summary of extent of selected conservation practices completed during calendar years 1956, 1957, and 1958, and payments for all practices 1956, 1957, and 1958 Programs

State and region	Permanent cover A-2	Standard ground limestone equivalent 1/	Trees (forest) A-7	Trees (erosion) A-8	Dams to improve cover B-7	Irrigation dams C-14	Winter cover D-1	Summer cover D-2	Wildlife cover G-1	Marsh management G-2	Fish ponds G-3	Amount of assistance for all practices 2/
	Acres	Tons	Acres	Acres	Structures	Structures	Acres	Acres	Acres	Acres	Structures	Dollars
Maine.....	15,546	8,167	2,030	---	---	---	---	---	---	---	---	669,849
N. H.....	2	5	530	---	---	1	---	---	1	---	14	22,360
Vt.....	8	4	1,711	---	3	---	---	---	---	---	8	45,894
Mass.....	115	212	42	---	---	---	2	3	---	---	---	5,525
Conn.....	20	---	90	---	---	---	---	---	---	---	---	3,750
N. Y.....	38,161	54,664	11,463	6	146	9	172	78	126	9	301	1,743,991
N. J.....	3,078	2,629	96	---	1	---	44	11	135	---	1	98,618
Pa.....	9,486	12,321	3,967	---	16	---	---	---	19	---	15	351,830
N. Atl.....	66,416	78,002	19,929	6	166	10	218	92	281	9	339	2,941,817
Ohio.....	17,685	28,589	772	2	22	---	421	5	1,709	43	80	462,304
Ind.....	15,915	36,345	960	40	32	3	---	---	80	14	11	419,516
Ill.....	9,771	19,468	2,039	11	32	---	60	---	170	---	1	317,444
Mich.....	36,469	47,824	16,720	24	12	11	467	144	487	8	3	1,200,633
Wis.....	41,558	80,524	11,300	---	---	---	829	705	441	34	3	955,651
Minn.....	609,079	79,913	5,467	193	4	---	---	---	70	65	---	4,428,753
Iowa.....	47,951	41,467	1,494	45	121	---	---	---	13	---	1	551,379
Mo.....	92,954	297,724	695	39	1,269	238	3,107	1,081	40	793	121	4,241,120
N. Dak.....	722,904	---	1,081	813	1	---	262	518	4,482	424	---	3,881,758
S. Dak.....	551,091	---	830	613	6	---	306	---	1,168	6.5	---	3,991,123
Nebr.....	120,176	2,775	220	166	---	---	3,162	360	13	---	---	1,084,606
Kans.....	258,482	221,174	123	54	9	---	720	---	42	74	1	3,688,861
N. Cent...	2,524,035	855,803	41,701	2,000	1,508	252	9,334	2,813	8,715	1,462	221	25,223,148
Del.....	1,215	1,547	275	---	---	---	---	---	---	---	---	32,092
Md.....	6,791	5,428	1,510	---	5	---	---	---	314	2	14	171,939
Va.....	2,802	3,368	4,220	---	1	---	---	---	34	7	---	121,915
W. Va.....	280	363	2,194	---	4	---	---	---	---	---	3	68,482
N. C.....	9,454	14,528	37,300	5	112	35	473	200	330	4	73	802,093
S. C.....	19,653	16,207	62,775	---	---	42	---	269	60	549	---	849,530
Ga.....	41,307	43,672	200,764	---	19	3	76	228	93	1	20	2,711,017
Fla.....	14,074	8,803	80,196	---	---	---	80	228	---	---	1	879,036
S. Atl...	95,576	93,916	389,234	5	141	80	629	925	831	563	111	5,636,104
Ky.....	17,180	36,595	1,733	5	216	12	39	14	52	---	15	578,522
Tenn.....	47,240	88,057	19,192	---	512	4	416	249	33	---	3	1,565,416
Ala.....	18,565	18,635	71,952	---	---	---	---	---	149	---	60	1,173,018
Miss.....	28,315	18,976	23,368	---	23	---	21,077	125	618	74	2	910,005
Ark.....	41,446	73,132	42,626	---	52	43	10,348	16,356	192	575	9	1,383,672
La.....	3,517	1,144	23,604	---	4	---	101	---	140	---	1	198,355
Okla.....	378,115	25,137	924	4	35	---	52,373	26,898	10,784	---	---	3,723,444
Tex.....	2,033,412	19,359	29,982	---	124	2	74,188	367,753	9,084	---	3	13,799,110
S. Cent...	2,567,790	281,035	213,381	9	966	61	158,542	411,395	21,052	649	93	23,331,542
Mont.....	107,402	---	86	---	---	---	---	---	83	---	---	447,830
Idaho.....	52,749	---	154	---	---	---	574	---	---	---	1	337,607
Wyo.....	31,527	---	2	17	---	---	393	---	---	---	---	99,031
Colo.....	308,191	---	104	30	18	1	4,254	138,591	5	23	---	1,176,894
N. Mex.....	334,933	---	---	---	---	---	---	---	---	---	---	2,746,098
Ariz.....	960	---	---	---	2	---	8,063	---	---	---	---	63,771
Utah.....	108,289	---	40	---	---	1	---	---	---	---	---	592,225
Nev.....	13	---	---	---	---	---	---	---	---	---	---	226
Wash.....	36,372	---	1,671	---	---	---	39	176	1,123	80	1	360,688
Oreg.....	45,412	3,370	1,767	---	1	---	186	1,373	1,245	186	6	508,072
Calif.....	25,407	---	---	---	---	2	52	146	48	328	---	367,619
West.....	1,051,255	3,478	3,824	47	21	4	13,561	140,286	2,504	617	8	6,700,061
U. S.....	6,305,072	1,312,234	668,069	2,067	2,802	407	182,284	555,511	33,383	3,300	772	63,832,672

1/ Includes all liming material applied in connection with complete and component practices.

2/ Total assistance for all practices performed, excluding the amount of payment withheld, forfeited, or refunded due to violations, etc.

* Includes practices and practice assistance on contracted acreages with beginning years of 1956, 1957 and 1958; and also includes 1959 in those cases where practices were performed in the fall of 1958 on 1959 contracted acreages.



1959 Conservation Reserve Program

1. Term Contracts - The Conservation Reserve Program, because of the term contracts, accumulates its accomplishments each year that new contracts are accepted. The program in the calendar year 1959, not only includes the new contracts signed under the 1959 program, but also the acreage contracted under the 1956 through 1958 programs.

2. Participation in 1959 Program - The following Table IV shows the participation during the 1959 program year. Table V shows the payments made by States during the fiscal year 1959, and Table VI shows the practices carried out in 1958 program year on new 1959 contracts.

Table IV

CONSERVATION RESERVE PROGRAM

PROGRESS REPORT AS OF AUGUST 14, 1959

Number of contracts, total acreage under contract, annual payment obligations for the 1959 program and cumulative practice obligations

State and Region	Contracts Signed - Cumulative 1956, 1957, 1958, & 1959	Acres under Contract - Cumulative 1956-1959	Annual Payment Obligations - 1959 Program Year	Practice Payment Obligations - Cumulative 1956-1959 1/	Total Annual & Practice Payment Obligations - Cumulative
	Number	Acres	Dollars	Dollars	Dollars
Me.....	2,188	99,035	1,061,807	1,265,008	2,326,815
N.H.	368	9,748	131,659	129,401	261,060
Vt.	795	25,066	338,105	309,281	647,386
Mass....	93	2,241	34,907	25,285	60,192
R.I.	3	37	737	-	737
Conn. ..	150	3,664	74,018	21,264	95,282
N.Y.	7,021	358,903	4,590,906	4,095,646	8,686,552
N.J.	805	36,705	631,944	404,942	1,036,886
Pa.	5,010	246,844	3,766,425	1,110,453	4,876,878
N. Atl.	16,433	782,243	10,630,508	7,361,280	17,991,788
Ohio....	6,311	346,839	5,873,297	2,288,765	8,162,062
Ind.....	5,903	358,643	6,547,040	4,192,547	10,739,587
Ill.....	4,918	344,721	5,938,566	4,616,300	10,554,866
Mich....	8,846	508,454	6,349,124	3,213,768	9,562,892
Wisc....	9,536	542,140	7,273,040	2,021,416	9,294,456
Minn....	19,121	1,765,412	19,270,749	8,240,810	27,511,559
Iowa....	6,154	492,556	8,773,904	2,262,127	11,036,031
Mo.....	8,516	608,239	8,388,732	13,676,367	22,065,099
No. Dak.	9,148	1,818,854	18,258,072	7,631,059	25,889,131
So. Dak.	8,410	1,285,454	12,913,558	8,176,864	21,090,422
Nebr....	5,990	679,880	7,960,558	5,543,830	13,504,388
Kans....	10,619	1,119,876	13,376,236	15,485,445	28,861,681
N. Cent.	103,472	9,871,068	120,922,876	77,349,298	198,272,174
Del.....	246	14,788	246,025	222,171	468,196
Md.....	1,239	69,945	1,175,693	687,470	1,863,163
Va.....	1,785	79,115	1,275,244	474,628	1,749,872
W. Va....	1,050	38,345	606,544	177,141	783,685
No. Car.	5,735	188,505	2,768,972	2,879,360	5,648,332
So. Car.	9,301	466,222	5,696,856	4,526,848	10,223,704
Ga.....	12,314	786,346	8,471,120	8,860,382	17,331,502
Fla.....	1,668	167,111	1,494,812	1,526,354	3,021,166
S. Atl.	33,338	1,810,377	21,735,266	19,354,354	41,089,620
Ky.....	4,413	295,703	4,738,207	4,689,986	9,428,193
Tenn....	6,127	351,822	5,166,020	4,967,098	10,133,118
Ala.....	6,483	292,266	3,498,198	3,318,397	6,816,595
Miss....	4,995	283,593	3,820,241	3,058,359	6,878,600
Ark.....	7,361	465,956	5,564,433	4,079,236	9,643,669
La.....	2,656	176,001	2,309,726	1,151,867	3,461,593
Okla....	14,203	1,187,611	12,392,020	10,723,084	23,115,104
Texas...	30,140	3,238,504	34,025,052	30,197,066	64,222,118
S. Cent.	76,378	6,291,456	71,513,897	62,185,093	133,698,990
Mont....	1,590	455,637	4,095,491	1,771,320	5,866,811
Idaho....	1,109	211,388	2,547,805	1,181,260	3,729,065
Wyo.....	461	101,958	886,748	237,869	1,124,617
Colo....	4,471	1,185,361	9,009,180	5,693,296	14,702,476
N. Mex..	3,537	872,503	7,111,221	5,846,070	12,957,291
Ariz....	65	7,353	100,443	66,382	166,825
Utah....	828	206,774	1,763,246	1,067,098	2,830,344
Nev.....	1	13	91	226	317
Wash....	1,746	265,292	3,356,189	1,365,592	4,721,781
Oreg....	1,884	192,825	2,631,693	1,563,183	4,194,876
Calif....	907	167,911	2,165,066	1,343,908	3,508,974
West...	16,599	3,667,015	33,667,173	20,136,204	53,803,377
U. S.	246,220	22,422,159	258,469,720	186,386,229	444,855,949

1/ Includes funds already expended for practice completion.

Data obtained from performance reports.

CONSERVATION RESERVE PROGRAM

Table V

PAYMENTS MADE TO PRODUCERS IN FISCAL YEAR 1959

State	: Annual Payments	: Payments for Practices	: Total Payments
Alabama	: \$786,653	: \$1,237,102	: \$2,023,755
Arizona	: 99,777	: 9,977	: 109,754
Arkansas	: 1,081,174	: 1,019,004	: 2,100,178
California	: 425,341	: 328,102	: 753,443
Colorado	: 4,593,999	: 1,812,312	: 6,406,311
Connecticut	: 2,039	: 2,493	: 4,532
Delaware	: 18,128	: 49,094	: 67,222
Florida	: 690,172	: 538,085	: 1,228,257
Georgia	: 2,953,774	: 3,645,349	: 6,599,123
Idaho	: 476,079	: 282,929	: 759,008
Illinois	: 173,497	: 326,157	: 499,654
Indiana	: 300,148	: 1,304,989	: 1,605,137
Iowa	: 728,233	: 536,368	: 1,264,601
Kansas	: 4,359,453	: 4,395,670	: 8,755,123
Kentucky	: 262,081	: 923,989	: 1,186,070
Louisiana	: 602,167	: 404,949	: 1,007,116
Maine	: 445,442	: 271,099	: 716,541
Maryland	: 176,127	: 172,109	: 348,236
Massachusetts	: 4,484	: 4,969	: 9,453
Michigan	: 1,225,535	: 753,689	: 1,979,224
Minnesota	: 9,429,546	: 2,317,926	: 11,747,472
Mississippi	: 1,084,409	: 663,791	: 1,748,200
Missouri	: 1,097,880	: 3,618,309	: 4,716,189
Montana	: 919,251	: 578,370	: 1,497,621
Nebraska	: 1,222,910	: 1,915,911	: 3,138,821
Nevada	: 91	: -	: 91
New Hampshire	: 14,475	: 27,887	: 42,362
New Jersey	: 83,749	: 159,632	: 243,381
New Mexico	: 6,402,378	: 2,556,026	: 8,958,404
New York	: 1,178,987	: 926,306	: 2,105,293
North Carolina	: 524,277	: 1,217,670	: 1,741,947
North Dakota	: 6,928,891	: 3,335,651	: 10,264,542
Ohio	: 521,573	: 510,039	: 1,031,612
Oklahoma	: 5,284,005	: 3,088,954	: 8,372,959
Oregon	: 750,863	: 331,637	: 1,082,500
Pennsylvania	: 494,140	: 514,610	: 1,008,750
South Carolina	: 1,652,828	: 1,262,854	: 2,915,682
South Dakota	: 5,339,587	: 3,043,789	: 8,383,376
Tennessee	: 771,270	: 1,934,357	: 2,705,627
Texas	: 20,052,198	: 7,821,735	: 27,873,933
Utah	: 806,793	: 221,310	: 1,028,103
Vermont	: 43,929	: 43,401	: 87,330
Virginia	: 86,823	: 249,512	: 336,335
Washington	: 526,420	: 470,680	: 997,100
West Virginia	: 32,504	: 91,300	: 123,804
Wisconsin	: 1,433,828	: 544,274	: 1,978,102
Wyoming	: 282,475	: 53,785	: 336,260
Total	: 86,370,383	: 55,518,151	: 141,888,534

3. 1959 Practices carried out - Following is a statement of the practices carried out in the calendar year 1958 on the contracts signed under the 1959 program.



Table VI

CONSERVATION RESERVE PROGRAM

Summary of conservation practices carried out under the Conservation Reserve Program, 1959 contracts only

Calendar Year 1958

Practice	Prac- tice number	Areas included			Extent		Amount of approved cover obtained	Amount of assistance		
		States	Counties		Farms	Unit		Amount	Average rate per unit	Total
			Number	Number						
1 Permanent cover for soil protection.....(Summary).	A-2	(16)	(47)	(178)	Acre	(26,195)	(25,522)	xx	(136,771)	
2 Complete.....		14	42	169	Acre	25,522	25,522	5.19	132,457	
3 Components only.....		4	8	9	Acre	673	xx	6.41	4,314	
4 Liming.....	A-4(A)	1	1	4	Acre	212	xx	4.65	985	
5 Planting trees or shrubs (forestry).....	A-7	10	67	158	Acre	4,471	4,471	8.13	36,364	
6 Dams, pits or ponds to improve vegetative cover.....	B-7	1	1	3	Structure	- 3	9	1133.00	3,400	
7 Dams, pits or ponds for irrigation water.....	C-14	1	1	1	Structure	1	4	590.00	590	
8 Vegetative cover for winter protection from erosion.....	D-1	2	8	28	Acre	1,002	435	2.04	2,043	
9 Establishment and management of cover for wildlife.....	G-1	3	3	6	Acre	1,241	1,111	3.44	4,271	
10 Water and marsh management to benefit fish and wildlife.....	G-2	1	1	1	Acre	36	36	30.03	1,081	
11 Constructing dams or ponds for fish.....(Summary).	G-3	(5)	(7)	(10)	Structure	(10)	(20)	xx	(6,118)	
12 Complete.....		5	6	9	Structure	9	20	637.00	5,730	
13 Components only.....		1	1	1	Structure	1	xx	388.00	388	
TOTAL (INCLUDES DATA FROM LINES 1, 4, 5, 6, 7, 8, 9, 10 AND 11).....	xx	24	125	387	xx	xx	31,608	xx	191,623	
Adjusted for the amount of practice payment withheld, forfeited, or refunded										
									-32	
Adjusted Total									191,591	

1/ Excludes 130 acres of annual seedings.

1960 Conservation Reserve Program

1. Program Changes - The regulations for the 1960 program will be similar to the 1959 program. To strengthen the program the principal changes relate to publicly-owned land, tenure of ownership, the method of setting payment rates, and the determination of priorities when more applications are received than can be accepted.

- (a) Land owned by a State, county, town, or local government is ineligible for the program.
- (b) Land which changed ownership since December 31, 1956, except through inheritance, is ineligible to enter the program in 1960.
- (c) If land put in the program is sold, the contract generally may be assumed by the purchaser only after it has been in effect for three years.
- (d) Producers who wish to participate in the program will request the ASC county committee to establish a basic annual per-acre rate, consideration will be given to productivity of the land, not to exceed the local fair rental value of the land based on crops harvested in the last five years. The rate will be generally 10 percent higher than the rate for only part of the eligible land. The producer may offer his land at any rate below the basic annual rate.
- (e) If the applications would exhaust all the available program authorization allocated to a county or if more land is offered than is considered desirable in a year, a priority system will be used to determine the contracts that will be offered. The first offers will be made to producers who, during the 1959 program signup, applied, but whose contracts could not be accepted because of the lack of program authorization. Such producers will be offered a contract at the basic annual rate, reduced by the average amount of reduction by all offers in the county. If he is unwilling to accept such terms, the application will be considered on the regular basis in competition with all other applicants in the county. The next priority will be offered to producers who offered land at the lowest rate compared with the basic rate established for the land. Each offer will be computed as a percentage of the basic rate for the land offered.

2. Annual Payments - The basic State annual payment rate per acre for the 1959 and 1960 programs and those in effect in former years is shown in Table VII.

3. Applications for 1960 Contracts - The goal for the 1960 program would increase the net acreage in the program by 5.1 million acres to a total of 27.5 million acres. Table VIII makes a comparison of the acreage goals by States with the acreage offered for participation in the 1960 program. The table also shows the number of farm applications for contracts submitted and the amount of program authorization available for new contracts by States.

4. Maximum and other Rates of Payment - The basic annual rate established for any land will not exceed the fair rental value of the land based on the productivity of the land for the last five years and will reflect the relationship of the land offered to similar land in the county. If land is rented, the basic annual rate will not exceed the rent being paid. The regular maximum payment rate may be earned by putting in the program land which, during the past two years (1958 and 1959), has been in "soil bank base" crops (grains, oilseeds and row crops) or from which tame hay has been harvested for hay or silage during the same period and a corresponding reduction is made in "soil bank base" crops.

A lower rate of per-acre payment, 50 percent of the regular maximum rate for the farm, may be earned by putting additional "non-diversion" land in the program. This does not require a corresponding reduction of "soil bank base" crops. On farms with a soil bank base of over 30 acres for each acre put in the reserve at the regular rental rate one acre of land may be entered at the "nondiversion" rate.

5. Timing of 1960 Conservation Reserve Contracts - Producers interested in participating in the 1960 Conservation Reserve Program asked the ASC county committees, by October 9, 1959, to set a basic annual basic annual rental rate per acre for the land to be placed in the reserve. The next step for the producer is to file his application. The deadline for this action was October 16, 1959. On the application the producer will make offers of the annual payment rate he will accept for his land. Unless the rate is less than the basic annual payment rate, the offer will not be accepted. The ASC county committees will provide contracts for the offers that can be accepted, and the producer will be notified of the date by which he is to return the contract. Contracts, generally, must be signed within 10 days from the time the producer receives notice that the contract is ready for signature, but not after February 1, 1960.

Table VII

CONSERVATION RESERVE PROGRAM

Estimated 1956-1959 Acres for 1960, Acreage Goals for New Contracts,
1959 and 1960 State Basic Rates Compared with Rates for 1956-1958,
and Allocations of Program Authorization Funds

State	Reserve Acreage Through 1959 Program	Tentative Goals, 1960 for New Contracts (Acres)	Total Acres 1960 (Estimated)	1959-60 Basic Rate per Acre	1956-58 Basic Rate per Acre	Allocation of Program Authorization (Subject to minor changes)
Ala.	292,266	79,000	371,266	\$12.00	\$8.00	\$6,287,858
Ariz.	7,353	6,100	13,453	10.00	9.00	100,443
Ark.	465,956	118,000	583,956	13.50	9.00	7,646,380
Calif.	167,911	59,000	226,911	16.00	12.00	2,950,000
Colo.	1,185,361	186,000	1,371,361	9.00	8.00	10,585,892
Conn.	3,664	1,900	5,564	20.00	13.00	102,619
Del.	14,788	4,800	19,588	16.00	12.00	333,064
Fla.	167,111	25,000	192,111	12.00	8.00	2,786,270
Ga.	786,346	134,000	920,346	12.00	8.00	14,663,167
Idaho	211,388	66,000	277,388	14.50	11.00	3,927,171
Ill.	344,721	128,000	472,721	19.00	12.00	8,259,476
Ind.	358,643	126,000	484,643	19.00	12.00	9,673,108
Iowa	492,556	184,000	676,556	19.00	12.00	12,799,267
Kan.	1,119,876	343,000	1,462,876	12.50	10.00	19,686,826
Ky.	295,703	113,000	408,703	15.00	10.00	7,019,533
La.	176,001	44,000	220,001	14.00	10.00	3,128,345
Maine	99,035	20,000	119,035	12.00	9.00	1,583,686
Md.	69,945	21,000	90,945	17.00	12.00	1,529,271
Mass.	2,241	1,600	3,841	19.00	13.00	50,982
Mich.	508,454	141,000	649,454	15.00	11.00	10,440,785
Minn.	1,765,412	225,000	1,990,412	14.50	11.00	22,686,916
Miss.	283,593	66,000	349,593	14.00	10.00	4,783,572
Mo.	608,239	252,000	860,239	14.00	9.00	13,369,586
Mont.	455,637	145,000	600,637	10.00	9.00	6,287,152
Nebr.	679,880	227,000	906,880	12.50	9.00	11,572,794
Nev.	13	1,400	1,413	10.00	7.00	91
N. H.	9,748	2,500	12,248	13.00	10.00	172,336
N. J.	36,705	10,000	46,705	19.00	13.00	1,077,714
N. M.	872,503	31,000	903,503	8.00	8.00	7,132,564
N. Y.	358,903	74,000	432,903	15.00	11.00	7,022,951
N. C.	188,505	57,000	245,505	16.00	10.00	4,670,858
N. Dak.	1,818,854	418,000	2,236,854	10.50	9.00	31,513,888
Ohio	346,839	134,000	480,839	19.00	12.00	10,089,975
Okla.	1,187,611	264,000	1,451,611	12.00	9.00	18,082,825
Oreg.	192,825	48,000	240,825	16.00	12.00	3,738,487
Pa.	246,844	70,000	316,844	16.00	11.00	6,118,210
R. I.	37	200	237	19.00	12.00	1,641
S. C.	466,222	89,000	555,222	13.50	9.00	9,093,729
S. Dak.	1,285,454	281,000	1,566,454	11.00	9.00	21,609,576
Tenn.	351,822	105,000	456,822	14.00	10.00	8,567,348
Texas	3,238,504	457,000	3,695,504	12.00	10.00	40,752,345
Utah	206,774	32,000	238,774	12.00	11.00	2,151,063
Vt.	25,066	6,500	31,566	14.00	10.00	473,506
Va.	79,115	32,000	111,115	16.00	10.00	2,057,629
Wash.	265,292	84,000	349,292	16.00	13.00	4,786,562
W. Va.	38,345	16,000	54,345	14.00	10.00	930,123
Wisc.	542,140	146,000	688,140	15.00	11.00	11,123,643
Wyo.	101,958	25,000	126,958	9.00	8.00	1,153,773
U.S. Total	22,422,159	5,100,000	27,522,159	13.50	10.00	374,575,000

Table VIII

CONSERVATION RESERVE PROGRAM

New Participation under 1960 Program

(Acreage Goals, Applications Submitted and Program Authorization for New Acreage)

State	Applications for Contracts (Preliminary)	New Acreage in 1960		Program Authorization Available for New Acres (Subject to minor changes)
		Goal (acres)	Offered on Applications (acres) (Preliminary)	
Ala.	3,142	79,000	188,442	\$2,789,660
Ariz.	-	6,100	-	-
Ark.	3,754	118,000	268,590	2,081,947
Calif.	313	59,000	61,483	784,934
Colo.	664	186,000	168,334	1,576,712
Conn.	69	1,900	1,980	28,601
Del.	78	4,800	5,147	87,039
Fla.	791	25,000	88,641	1,291,458
Ga.	5,447	134,000	433,095	6,192,047
Idaho	639	66,000	117,671	1,379,366
Ill.	1,679	128,000	134,250	2,320,910
Ind.	3,133	126,000	211,740	3,126,068
Iowa	2,817	184,000	275,820	4,025,363
Kansas	3,742	343,000	455,847	6,310,590
Ky.	1,798	113,000	160,077	2,281,326
La.	960	44,000	70,962	818,619
Maine	937	20,000	51,693	521,879
Md.	447	21,000	26,307	353,578
Mass.	35	1,600	1,470	16,075
Mich.	4,489	141,000	320,521	4,091,661
Minn.	3,948	225,000	349,402	3,416,167
Miss.	1,599	66,000	90,646	963,331
Mo.	4,131	252,000	360,898	4,980,854
Mont.	820	145,000	269,756	2,191,661
Nebr.	2,522	227,000	303,029	3,612,236
Nev.	-	1,400	-	-
N. H.	122	2,500	3,460	40,677
N. J.	445	10,000	21,202	445,770
N. M.	9	31,000	1,142	21,343
N. Y.	3,905	74,000	241,957	2,432,045
N. C.	3,145	57,000	117,703	1,901,886
N. Dak.	5,832	418,000	1,330,282	13,255,816
Ohio	3,887	134,000	251,640	4,216,678
Okla.	4,900	264,000	426,908	5,690,805
Oregon	706	48,000	69,854	1,106,794
Pa.	3,466	70,000	188,477	2,351,785
R.I.	3	200	93	904
S.C.	4,371	89,000	249,406	3,396,873
S. Dak.	4,898	281,000	766,730	8,696,018
Tenn.	3,376	105,000	261,561	3,401,328
Texas	6,892	457,000	612,477	6,727,293
Utah	268	32,000	50,569	387,817
Vt.	296	6,500	16,685	135,401
Va.	967	32,000	60,389	782,385
Wash.	863	84,000	104,354	1,430,373
W. Va.	1,063	16,000	36,265	323,579
Wisc.	5,151	146,000	356,013	3,850,603
Wyo.	145	25,000	31,958	267,025
Total	102,664	5,100,000	9,614,926	116,105,280

(d) Acreage Reserve Program

PROJECT STATEMENT

Project	1959	1960 :(estimated):	1961 :(estimated):
1. Acreage reserve program:			
(a) Program payments	\$590,171,180:	- -	- -
(b) Operating expenses	18,839,463:	- -	- -
Total obligations <u>a/</u>	<u>609,010,643:</u>	- -	- -
Unobligated balance <u>b/</u>	<u>439,357:</u>		
Total Appropriation	<u>609,450,000:</u>		

a/ Applied costs for 1959 are \$609,003,002. The difference of \$7,641 reflects, primarily, the excess of printing ordered during 1959 over printing used in that year.

b/ In addition, there was an unobligated balance of \$4,952,563 as of June 30, 1959, in the funds advanced to the Commodity Credit Corporation from the 1959 appropriation for the Acreage Reserve Program. This balance is being used to the extent necessary for payments required to liquidate the program. It is anticipated that the portion of this balance not needed for this purpose will be returned to the Treasury on June 30, 1960.

The following table shows the distribution of the fiscal year 1959 obligations by activity:

<u>Project</u>	<u>Fiscal Year 1959</u>
Program payments:	
1956 program	\$33,265
1957 program	93,741
1958 program	<u>590,044,174</u>
Total, program payments	<u>590,171,180</u>
Operating expenses:	
Commodity Stabilization Service	18,771,058
Office of the General Counsel	55,062
Office of Information	<u>13,343</u>
Total, operating expenses	<u>18,839,463</u>
Total, Acreage reserve program	<u>609,010,643</u>

The 1959 Appropriation Act provided that there be no Acreage Reserve Program applicable to crops after the 1958 program. The liquidation activities of the Program are being charged to the Conservation Reserve Program as provided in the 1960 Department of Agriculture and Farm Credit Administration Appropriation Act.

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(e) Administrative Expenses, Section 392,
Agricultural Adjustment Act of 1938

This appropriation account for National and State operating expenses was established pursuant to section 392 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account, amounts estimated to be required for National office direction and for carrying out, or cooperating in carrying out, various programs assigned to the State Agricultural Stabilization and Conservation Offices.

The State Committees, appointed pursuant to the provisions of section 8 (b) of the Soil Conservation and Domestic Allotment Act, are in general administrative charge in their respective States of all programs assigned to them through the Commodity Stabilization Service. Within the framework of national policy, they determine State policies and direct the adaptation of the national programs to the State.

The amounts transferred into this appropriation account are within the limitations for administrative expenses established under the respective appropriations from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1960, as shown below and base for 1961	\$23,036,609
Transfers, 1961, as shown below	<u>23,166,215</u>
Increase	<u>+129,606</u>

STATEMENT OF SOURCES, PURPOSES, AND AMOUNTS OF FUNDS TRANSFERRED
(As shown in Budget Schedules)

Purpose for which funds are transferred into this account	:	1959 (actual)	:	1960 (estimated)	:	1961 (estimated)	:	Increase or Decrease
<u>Agricultural Conservation Program:</u>	:	:	:	:	:	:	:	:
For administration of agricultural conservation program	:	\$4,813,459	:	\$4,848,739	:	\$4,881,931	:	+\$33,192
<u>Acreage Allotments and Marketing Quotas:</u>	:	:	:	:	:	:	:	:
For administration of acreage allotment and marketing quota programs	:	6,861,700	:	6,886,300	:	6,934,400	:	+48,100
<u>Sugar Act Program:</u>	:	:	:	:	:	:	:	:
For administration of sugar pay- ment program	:	1,487,028	:	1,487,028	:	1,496,602	:	+9,574

(Continued on next page)

Purpose for which funds are transferred into this account	1959 (actual)	1960 (estimated)	1961 (estimated)	Increase or Decrease
<u>Disaster Loans, etc., Revolving Fund, Department of Agriculture:</u>				
For activities in connection with: accepting applications for feed, issuing purchase orders to farm- ers and certificates to dealers in designated disaster areas ..	5,000:	29,000	6,000	-23,000
<u>Acreage Reserve Program:</u>				
For administration of acreage reserve program	4,302,058:	- -	- -	- -
<u>Conservation Reserve Program:</u>				
For administration of conservation: reserve program	1,960,107:	2,546,000	2,564,600	+18,600
<u>Great Plains Conservation Program:</u>				
For administration of Great Plains Conservation Program	17,000:	28,000	28,000	- -
<u>Other:</u>				
For services in connection with price support programs and other miscellaneous programs	5,473,766:	7,211,542	7,254,682	+43,140
Total available for obligation ...	24,920,118:	23,036,609	23,166,215	+129,606
Unobligated balance, estimated savings	-1,278,114:	- -	- -	- -
Total obligations <u>a/</u>	23,642,004:	23,036,609	23,166,215	+129,606

a/ Applied costs for 1959 are \$23,492,579. The difference of \$149,425 reflects, primarily, a recovery of prior year obligations.

WORK PERFORMED WITH FUNDS OBLIGATED IN 1959
(See schedule following next item
"Local Administration, Section 388,
Agricultural Adjustment Act of 1938")

(f) Local Administration, Section 388,
Agricultural Adjustment Act of 1938

This appropriation account for Agricultural Stabilization and Conservation county offices was established pursuant to Sections 392(a) and 388(b) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account amounts estimated to be required for carrying out or cooperating in carrying out various programs assigned to the Agricultural Stabilization and Conservation county offices.

The ASC county and community committees are responsible for the local administration of programs dealing directly with farmers. The elected ASC county committee is in charge of the county office.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations, unless otherwise provided by other laws, from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1960, as shown below and base for 1961	\$125,427,430
Transfers, 1961, as shown below	<u>121,198,775</u>
Decrease	<u>-4,228,655</u>

STATEMENT OF SOURCES, PURPOSES, AND AMOUNTS OF FUNDS TRANSFERRED
(As shown in Budget Schedule)

Purpose for which funds are transferred into this account	: 1959 : (actual)	: 1960 : (estimated)	: 1961 : (estimated)	: Increase or Decrease
<u>Agricultural Conservation</u> <u>Program:</u>	:	:	:	:
For administration of agricultural conserva- tion program	\$19,753,361	\$21,295,131	\$21,259,777	-\$35,354
<u>Acreage Allotments and</u> <u>Marketing Quotas:</u>	:	:	:	:
For administration of acreage allotment and marketing quota programs	34,649,950	32,001,700	32,953,600	1951,900
<u>Sugar Act Program:</u>	:	:	:	:
For administration of sugar payment program ..	749,398	810,398	810,398	- -
<u>Disaster Loans, etc., Re- volving Fund, Department of Agriculture:</u>	:	:	:	:
For activities in con- nection with accepting applications for feed, issuing purchase orders to farmers and certifi- cates to dealers in des- ignated disaster areas	- -	35,000	6,000	-29,000

(Continued on next page)

Purpose for which funds are transferred into this account	1959 (actual)	1960 (estimated)	1961 (estimated)	Increase or Decrease
<u>Acreage Reserve Program:</u>				
For administration of acre- age reserve program	14,469,000	- -	- -	- -
<u>Conservation Reserve Program:</u>				
For administration of con- servation reserve program	12,996,948	14,920,100	10,500,000	-4,420,100
<u>Great Plains Conservation Program:</u>				
For administration of Great Plains conservation program	76,700	126,000	126,000	- -
<u>Other:</u>				
For services in connection with price support pro- grams and other miscel- laneous services	48,980,413	54,525,000	55,543,000	1,018,000
Total available for obliga- tion	131,675,770	123,713,329	121,198,775	-2,514,554
Unobligated balance brought forward	-v-	1,714,101	- -	-1,714,101
Unobligated balance carried forward	-1,714,101	- -	- -	- -
Unobligated balance, esti- mated savings	-839,895	- -	- -	- -
Total obligations <u>a/</u>	129,121,774	125,427,430	121,198,775	-4,228,655

a/ Applied costs for 1959 are \$130,438,894. The differences of \$1,317,120 in 1959 and \$2,062,224 in 1960 reflect, primarily, the excess of contractual services and addressograph equipment used in 1959 and 1960 over contracts made and orders placed in those years.

Funds from this appropriation account are advanced to the ASC county committee each month or quarter on the basis of their estimate of requirements for the period less any unobligated balances on hand. These advances are deposited in the county committee bank accounts and used to pay the expenses of the committees. The estimate for the following month or quarter is reduced by the amount not obligated in the period just ended. Unobligated balances in the bank accounts at the end of a fiscal year are used for expenses of the next succeeding year. Year end balances are kept as low as possible and as of the end of the last four fiscal years were as follows:

1956, \$2,638,264; 1957, \$3,635,027; 1958, \$4,774,530; 1959, \$4,034,097

The ASC county committees perform certain functions for the Commodity Credit Corporation in connection with the CCC grain storage structure program and other CCC Programs. This work, which includes erection of storage structures, handling and maintenance of grain, maintenance and operation of sites and structures, etc., is paid for from the county committee bank accounts. Funds for these purposes are transferred into the Sec. 388 account from the Commodity Credit Corporation corporate funds. The CCC funds in the Sec. 388 account are then advanced to the ASC county committees in the same manner as other funds. The amount of advances in the fiscal year 1959 was \$40,366,000 and is estimated at \$44,482,000 for the fiscal year 1960 and \$45,500,000 for the fiscal year 1961.

SIGNIFICANT ITEMS OF WORK PERFORMED

WITH FUNDS OBLIGATED IN 1959

Agricultural Conservation Program

Applications processed	1,065,802
Total farms	5,294,090
Participating farms	1,083,706
Counties in program	3,070

Acreage Allotment and Marketing Quotas

	<u>Estimated Allotments Established</u>	<u>Allotted Acreage</u>	<u>Counties in Program</u>
Tobacco	579,964	1,168,318	953
Peanuts	118,053	1,611,928	496
Wheat	1,824,075	55,000,000	2,658
Cotton	960,250	16,380,822	1,092
Rice	16,689	1,652,596	157

Sugar Program

Number of farms	45,700
Number of acres (includes 449,247 harvested acreage for Puerto Rico, Hawaii, and Virgin Islands)	1,692,570
Number of counties	310

Price Support

Number of warehouse-stored loans	746,917
Number of farm-stored loans	501,088
Number of counties with completed loans	2,207
Number of reinspections of farm-stored commodities	1,259,811
Number of loans and purchase agreements under which CCC acquired the commodity	466,404
Number of repayments	187,116

Grain Storage Structure Program

Number of storage-structure sites	3,921
Number of storage structures	237,731

National Wool Act Payments Program

Number of farms with sheep and lambs	361,132
Number of counties with sheep	2,975

Acreage Reserve Program

Number of 1957 agreements	914,396
Number of 1958 agreements	1,049,270

Conservation Reserve Program

Number of farms on which annual payments were made, 1958 calendar year	125,502
Number of contracts, 1959 program	246,220
Number of conservation materials and services claims for payment	135,004

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1959, were actually received or programmed for 1960 or 1961. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1959	Estimated Obligations, 1960	Estimated Obligations, 1961
Allotment from:			
<u>Agricultural Conservation Program -</u>			
For National, State and county			
office expenses in administering			
the Agricultural Conservation Pro-			
gram and for costs of aerial			
photography a/	\$25,621,750	\$27,203,190	\$27,201,028
<u>Great Plains Conservation Program -</u>			
To assist Soil Conservation Ser-			
vice in explaining programs of			
conservation in the Great Plains			
States and in relating it to			
other programs a/	93,700	154,000	154,000
<u>Disaster Loans, etc., Revolving Fund,</u>			
<u>Agriculture - For emergency assist-</u>			
<u>tance in furnishing feed to</u>			
<u>farmers and stockmen in disaster</u>			
<u>areas a/</u>	143,444	165,000	110,000
<u>Revolving Fund, Defense Production</u>			
<u>Act, Agriculture - For ultimate</u>			
<u>net costs of purchase and resale</u>			
<u>of agricultural commodities initi-</u>			
<u>ally financed by Commodity Credit</u>			
<u>Corporation</u>	1,664,527	3,576	- -
Total, Allotments	27,523,421	27,525,766	27,456,028
Allocations and Other Funds (Advances			
from other agencies):			
<u>Agricultural Marketing Service:</u>			
<u>Removal of surplus agricultural</u>			
<u>commodities:</u>			
Direct purchases	108,927,240	35,300,000	- -
Diversion to by-products and			
new uses	7,470,001	17,000,000	5,000,000
Surplus removal, operating ex-			
penses a/	471,965	583,000	543,000
Total, Removal of surplus			
agricultural commodities	116,869,206	52,883,000	5,543,000

(Continued on next page)

a/ Part of these funds are transferred to sec. 388 and sec. 392 accounts, as reflected in the justifications for these accounts.

Item	: Obligations, 1959	: Estimated Obligations, 1960	: Estimated Obligations, 1961
<u>School Lunch Program:</u>			
Food assistance:			
Commodity procurement (sec. 6) ..	49,080,046:	- -	- -
Operating expense	209,472:	215,000:	215,000
Total, School Lunch Program ..	49,289,518:	215,000:	215,000
 Total, Agricultural Marketing Service	 166,158,724:	 53,098,000:	 5,758,000
<u>International Cooperation Administration</u> - For providing or procuring commodities for other agencies for distribution to foreign claimants	6,392,344:	8,000,000:	- -
<u>Office of Civil and Defense Mobilization</u> - For Department liaison representation at OCDM regional relocation headquarters (Funds will be allotted to the appropriate agencies of the Department after representatives have been selected.)	- -	105,000:	175,000
Total Allocations	172,551,068:	61,203,000:	5,933,000
 Foreign currencies allocated pursuant to the <u>Agricultural Trade Development and Assistant Act of 1954, as amended</u> - For audit and end-use checks on food commodities donated abroad	 - -	 100,000:	 - -
<u>Trust Fund:</u>			
<u>Miscellaneous Contributed Funds, Department of Agriculture</u> - For aerial survey and preparation of photographs and charts	39,970:	15,550:	9,000
<u>Obligations Under Reimbursements from Government and Other Sources: a/</u>			
Supply and foreign purchase program:	95,300:	95,000:	94,700
International Wheat Agreement	158,865:	200,000:	215,000
National Wool Act	200,759:	260,000:	260,000
Sale of stockpile cotton	2,525:	3,500:	3,500
Operations and maintenance, Department of the Air Force	58,320:	65,000:	- -
Miscellaneous reimbursements	77,349:	78,000:	78,000
Total, reimbursements	593,118:	701,500:	651,200

(continued on next page)

Item	:	:	Estimated	:	Estimated	
	:	Obligations,	Obligations,	:	Obligations,	
	:	1959	:	1960	:	1961
TOTAL, OBLIGATIONS UNDER ALLOTMENTS	:	:	:	:	:	:
AND OTHER FUNDS	:	200,707,577:	:	89,545,816:	:	34,058,288

a/ Part of these funds are transferred to sec. 388 and sec. 392 accounts, as reflected in the justifications for these accounts.

PASSENGER MOTOR VEHICLES

The Commodity Stabilization Service will not acquire or replace any passenger motor vehicles or station wagons during the fiscal year 1961. The Service will continue to use the General Services Administration motor pools which are conveniently located to CSS operations throughout the Continental United States.

The two vehicles located in Puerto Rico are used for official travel in connection with the Agricultural Conservation Program, Sugar Act Program and other related activities. The Commodity Stabilization Service requires special monthly reports on the use and condition of these vehicles.

The age and mileage data for the passenger motor vehicles on hand as of June 30, 1959, follows:

<u>Age-Year</u> <u>Model</u>	<u>Number of</u> <u>Vehicles</u>	<u>Mileage</u>	<u>Number of</u> <u>Vehicles</u>
1956	1	12,703	1
1959	<u>1</u>	2,943	<u>1</u>
Total	<u>2</u>		<u>2</u>

THEORY OF THE CASE

The first question is whether the defendant is guilty of the crime charged. The second question is whether the defendant is guilty of the crime charged. The third question is whether the defendant is guilty of the crime charged.

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Defendant	Charge	Verdict	Penalty
John Doe	Murder	Guilty	Death
Jane Smith	Robbery	Not Guilty	Acquitted
Bob Johnson	Assault	Guilty	Imprisonment
Charlie Brown	Theft	Not Guilty	Acquitted

FEDERAL CROP INSURANCE CORPORATION

Purpose Statement

The Federal Crop Insurance Corporation is a wholly owned Government Corporation created February 16, 1938, (7 U.S.C. 1501) to carry out the Federal Crop Insurance Act. The purpose of this act is to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance and providing the means for research and experience helpful in devising and establishing such insurance.

Crop insurance offered to agricultural producers by the Corporation provides protection from losses caused by unavoidable natural hazards, such as insect and wildlife damage, plant diseases, fire, drought, flood, wind, and other weather conditions. It does not indemnify producers for losses resulting from negligence or failure to observe good farming practices.

In accordance with the established policy of limited operation on an experimental basis, the 1960 crop insurance program (fiscal year 1961) will operate in 865 counties, furnishing insurance coverage of approximately \$350 million on wheat, cotton, flax, corn, tobacco, beans, citrus, combined crops, soybeans, barley, peaches, grain sorghum, oats, rice and rye. It is estimated that 390,000 crops will be insured for the 1960 crop year, as compared to 339,403 for the 1959 crop year.

Summary of Insurance Operations and Changes in Capital

	<u>Fiscal Years</u>		
	<u>1959</u>	<u>1960</u>	<u>1961</u>
Net capital at beginning of year	\$25,755,020	\$38,710,352	\$41,496,352
Additions to capital during the year:			
Insurance premiums (net)	17,627,141	19,195,000	25,000,000
Interest and other income	910,629	100,000	100,000
Prior year adjustments	119,614	-	-
Total capital available for insurance operations during year	44,412,404	58,005,352	66,596,352
Deductions from capital during the year:			
Insurance indemnities	4,504,834	13,017,000	22,499,000
Loss adjustment and inspection costs ..	485,660	900,000	1,000,000
Administrative expenses charged to program operations	462,451	2,330,000	2,830,000
Provision for estimated bad debts	249,107	262,000	320,000
Total deductions from capital	5,702,052	16,509,000	26,649,000
Net capital at end of year	<u>38,710,352</u>	<u>41,496,352</u>	<u>39,947,352</u>

The crop insurance programs are developed and analyzed in the Washington headquarters office and are administered in the field by 22 State or area offices. Sales and servicing of contracts at the county level is performed by private agents under contractual agreements with the Corporation, and by Federal Crop Insurance Corporation employees hired on a part-time or W.A.E. (when actually employed) basis. Detailed program accounting and statistical functions are performed by a Branch office in Chicago. As of November 30, 1959 the Corporation employed 485 full-time employees, 94 of whom were in Washington and the balance in the field, and 622 part-time or W.A.E. employees, all in the field.

	<u>Appropriated, 1960</u>	<u>Budget Estimates, 1961</u>
Operating expenses:		
Appropriation	\$6,376,700	\$6,376,700
Payable from premium income	<u>2,330,000</u>	<u>2,830,000</u>
Total	<u>8,706,700</u>	<u>9,206,700</u>

Operating and Administrative Expenses

	<u>Appropriation</u>	<u>Administrative Expenses Payable From Premium Income</u>	<u>Total</u>
Appropriation Act, 1960 and base for 1961	\$6,376,700	\$2,330,000	\$8,706,700
Budget Estimate, 1961	<u>6,376,700</u>	<u>2,830,000</u>	<u>9,206,700</u>
Increase	<u>- -</u>	<u>500,000</u>	<u>500,000</u>

Note: The 1961 Budget estimate includes \$2,830,000 for operating and administrative expenses of the Corporation payable from premium income and \$6,376,700 by direct appropriation. For clarification and completeness, the following project statement and justifications include the total estimate required for administrative and operating expenses of the Corporation.

SUMMARY OF INCREASES, 1961

Increase in underwriting and actuarial analysis costs	29,000
Increase in contract sales and servicing costs	312,200
Increase in crop inspections and loss adjustment costs	127,400
For employees health benefit costs pursuant to Public Law 86-382	31,400

PROJECT STATEMENT

Project	1959	1960 (estimated)	Increase Health Bene- fit Costs (P.L. 86-382)	Other	1961 (estimated)
1. Underwriting and actuarial analysis	\$845,520	\$1,018,000	166,480	29,000(1)	\$1,053,000
2. Contract sales and servicing ..	5,443,854	6,936,700	1,492,846	312,200(2)	7,268,700
3. Crop inspections and loss adjust- ment	549,777	752,000	202,223	127,400(3)	885,000
Total employee health benefit costs (P.L. 86- 382)	1- -	1- -	173,140	13,600	135,000
Total available or estimate	6,839,151	8,706,700	1,867,549	468,600	9,206,700
Deduct: Obligations payable from pre- mium income	-462,451	-2,330,000	-1,867,549	-468,600	-2,830,000
Total appropriation or estimate	a/6,376,700	6,376,700	- -	- -	6,376,700

a/ Represents obligations. Applied costs for 1959 are \$6,377,817. The difference of \$1,117 reflects primarily the excess of printing and supplies received and used in 1959 over orders placed in that year.

Basis for 1961 Estimate

The program planned for the 1961 fiscal year continues the Corporation's policy of placing maximum emphasis on increasing participation and premium income which is essential for the operation of a sound crop insurance program. The estimated workload for fiscal year 1961 is 425,000 crops insured in 880 counties compared to 390,000 in 865 counties for fiscal year 1960. Insurance on additional crops will also be offered in some of the counties in which insurance is already available.

It is estimated that the increase in workload and employee health benefit costs will total \$500,000. This increase will be financed by the Corporation under its authority to pay a portion of operating and administrative expenses from premium income and will not require an increase in appropriated funds.

INCREASES

(1) Increase of \$29,000 for "Underwriting and Actuarial Analysis".

1961 Actuarial Workload: The planned increase of 35,000 crops insured, and the addition of 15 new counties, from 865 to 880, is estimated to cost an additional \$29,000 for underwriting and actuarial work performed at various levels of operation.

Part of the work performed by the Branch and Regional Underwriting offices is the maintenance of historical statistical records of premiums, indemnities, causes of loss, and other pertinent data essential to the periodic review and reevaluation of rates and coverages. The increase of 35,000 crops insured will increase the workload and related cost of these offices.

The experience data, together with information derived from observation by the underwriters and statistics furnished by other agencies, are used each year to revise and rework rates and coverages on selected commodities. Cotton rates and coverages were completely revised and reworked for 1959, tobacco is being done for 1960, and wheat, barley, and flax are scheduled for 1961.

The following table indicates the number of county insurance programs by commodities planned for 1960 and 1961.

<u>Commodity</u>	<u>County Programs</u>	
	<u>1960</u>	<u>1961</u>
Barley	105	110
Beans	22	22
Citrus	7	7
Corn	282	292
Cotton	139	144
Flax	77	79
Grain Sorghums	3	3
Oats	36	36

<u>Commodity</u>	<u>County Programs</u>	
	<u>1960</u>	<u>1961</u>
Peaches	1	1
Rice	3	5
Rye	11	11
Soybeans	223	233
Tobacco	166	170
Wheat	484	494
Total	<u>1,559</u>	<u>1,607</u>

Change in Basis of Coverages and Rates: The Corporation has for a number of years used a fixed price, approximating the current support price, as the basis for establishing premium rates and coverages. The fixed price was adjusted whenever the support price of the various insured commodities changed significantly. As a result it has been necessary for the Corporation to make frequent changes in the rates and coverages each year.

A new plan for determining rates and coverages has been established. It provides a production guarantee in commodity units with the insured electing the amount of dollar protection which the guarantee represents. Adjustments will be made on a percentage of loss basis, determined by the amount that the policyholder falls short of making his production guarantee. Generally, the farmer will be given the opportunity to elect from about five different dollar amounts of insurance. The percentage of loss will be applied to the amount of dollar protection elected to determine the loss payment.

Corn, soybeans, and some tobacco have been placed on this basis for 1960, and all other crops except citrus and peaches will be under this plan for crop year 1961.

(2) Increase of \$312,200 for "Contract Sales and Services".

Continued Emphasis on Increasing Program Participation: The increase in this project reflects the major emphasis that is being placed on the selling and servicing of crop insurance contracts, to increase participation, premium income, and to spread the insured liability more evenly. It is essential that these goals be achieved if the Corporation's objective of a sound program on a national basis is to be reached.

Some of the recent steps taken by the Corporation to increase participation are:

- a. The conversion to the guaranteed production plan as outlined under project 1. Prior to the adoption of this plan, the farmer had a very limited choice in the amount of protection he could purchase and the premium he would pay. The flexibility provided by this feature should materially increase participation in the program since it furnishes coverages to meet a variety of insurance needs farmers may have.

- b. The Corporation's policy of offering insurance on additional commodities in counties where more than one crop is of major importance. The conversion to the "Standard Policy" from individual policies for each crop has made this action more practical.
- c. The Corporation has an accelerated sales training program now in progress that will be intensified in 1961. Under this program a more effective and larger group of highly competent salesmen and sales agents are gradually being developed. As this group expands and gains experience in the use of modern sales techniques, increased sales efficiency results.

As a part of this program Corporation employees and sales agents have been concentrating on getting more favorable publicity through local radio and television stations. Tape recordings and spot announcements to publicize crop insurance are being used more extensively. Newspaper ads, circulars, and other sales aids are being used more extensively in sales campaigns with greatly improved results. Businessmen and government employees working with other agencies in the field, are becoming better informed of the economic benefits that crop insurance provides the insured farmer and those he does business with. These people are encouraging farmers to participate in the program.

Agents' Commission Rates: The increased cost for this project will be incurred mainly at the field level for agents' commissions for the selling and servicing of the planned increase in participation. Present commission rates on new and carryover policies, and other compensation paid to agents, are as follows:

- | | |
|--------------------|---|
| New policies | - \$5 plus 12½% of premium collected plus \$4 for each crop insured in excess of one that earns a premium. |
| Carryover policies | - \$4 plus 5% of the premium collected plus \$4 for each crop insured in excess of one that earns a premium but not to exceed an average of \$20 per crop under the policy. |
| Crops added | - The carryover rate is used for the current addition of a crop to a policy in force the prior year except that the first year insurance is offered on a crop in the county the commission rate is 12½% of the premium collected. |
| Acreage reports | - \$1 additional for each fall acreage report obtained from a policyholder whose policy also covers spring planted crops. |

Sharecroppers

- \$1 for each person in excess of one insured under a policy.

Collection of old accounts

- 5% of amount collected or \$4 per account, whichever is greater, but not to exceed 25% of the amount collected.

Workload Data: The following table indicates the budgeted workload for 1960 and 1961.

Participation Summary
1959, 1960, and 1961 Crop Years

	1959 Crops Insured ^{a/}	Estimated, 1960			Estimated, 1961		
		Carryover	Sales	Total	Carryover	Sales	Total
Barley	11,576	11,200	3,800	15,000	14,000	4,500	18,500
Beans	5,484	3,400	2,600	6,000	4,000	2,500	6,500
Citrus	579	400	400	800	500	300	800
Combined Crop	12,014	9,900	2,100	12,000	10,000	2,500	12,500
Corn	56,093	43,000	22,300	65,300	50,000	22,500	72,500
Cotton	20,077	13,000	12,000	25,000	16,000	12,500	28,500
Flax	19,066	17,000	3,000	20,000	18,000	4,000	22,000
Grain Sorghum	110	100	100	200	100	100	200
Oats	4,972	4,300	700	5,000	4,000	1,500	5,500
Peaches	87	- -	100	100	- -	100	100
Rice	315	200	200	400	300	400	700
Rye	- -	- -	200	200	100	100	200
Soybeans	28,165	21,500	13,500	35,000	27,000	15,000	42,000
Tobacco	72,722	57,000	23,000	80,000	63,000	20,000	83,000
Wheat	108,143	88,000	37,000	125,000	101,000	31,000	132,000
Total	<u>339,403</u>	<u>269,000</u>	<u>121,000</u>	<u>390,000</u>	<u>308,000</u>	<u>117,000</u>	<u>425,000</u>

^{a/} Adjusted to reflect the estimated number of crops insured under multiple contracts that will be converted to separate crop endorsements in 1960.

(3) Increase of \$127,400 for "Crop Inspections and Loss Adjustments".

Loss Adjustment Workload: The loss adjustment workload is based on the number of crops insured under the program, since under normal conditions a certain percentage will incur a loss each year. When losses are heavy the workload is materially increased. For fiscal year 1961, it is estimated that the workload will be heavier than for 1960 based on the estimated participation of 390,000 crops insured for 1960, on which losses will be adjusted in fiscal year 1961, as compared to 339,403 crops insured for 1959, on which losses are being adjusted in fiscal year 1960. The increase is to cover the cost of handling

loss notices and paying indemnities at the various levels of operation. The loss adjustment workload for the 325,000 crops insured for the 1958 crop year is shown below. The 1958 crop year workload, completed in fiscal year 1959, was well below that of previous years. The loss ratio of .26 for the 1958 crop year was the most favorable in the history of the Corporation.

<u>Program</u>	<u>Number of Loss Notices Received</u>	<u>Inspections at Request of Insured</u>	<u>Inspections Initiated by Corporation</u>	<u>Number of Claims Paid</u>
Barley	897	851	40	486
Beans	422	370	15	186
Citrus	249	55	- -	39
Corn	8,117	6,633	936	3,617
Cotton	1,802	1,624	238	1,142
Flax	1,539	1,492	253	958
Combined Crop	6,609	6,151	676	3,165
Oranges	65	64	18	24
Peaches	81	48	87	45
Soybeans	2,166	1,775	208	901
Tobacco	4,987	4,086	308	2,352
Wheat	<u>8,941</u>	<u>8,020</u>	<u>1,001</u>	<u>3,896</u>
Total	<u>35,875</u>	<u>31,169</u>	<u>3,780</u>	<u>16,811</u>

Because of the importance of proper loss adjustment to the soundness of the program, the Corporation, several years ago, began a program of selecting the most experienced and best qualified adjusters to form a corps of special adjusters to handle more difficult losses and to train and supervise other adjusters. This approach is proving to be quite successful and emphasis will continue to be placed on improving the ability and increasing the number of this specialized group.

The change being made in the policy for 1960 and 1961 from a fixed price to a guaranteed production basis will require additional training and supervision of adjusters so that losses can be settled in accordance with the revised contract provisions. Also, new loss adjustment procedures will be necessary for use by the field personnel.

(4) An increase of \$31,400 is required to meet employees health benefit costs under Public Law 86-382, applicable to the base for 1961. A full explanation of the health benefit cost estimate appears in the "Preface" at the beginning of the Explanatory Notes.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed with brackets):

Not to exceed / \$2,330,000 / \$2,830,000 of administrative and operating expenses may be paid from premium income.

The proposed change in language is to provide the funds from the Federal Crop Insurance Corporation Fund necessary to finance the program expansion planned for fiscal year 1961, as explained above.

STATUS OF PROGRAM

The Federal Crop Insurance Corporation is a wholly-owned Government Corporation which provides all-risk crop insurance protection against unavoidable causes of loss. Since 1948, the program has been operating in selected counties on a limited basis. The objective is the development of a sound program that can be operated on a national basis. Expansion of the program has been limited to an extent deemed consistent with sound insurance principles.

Summary of Experience 1948 - 1958: During this 11 year period that the program has been operating on a limited experimental basis, premiums have exceeded indemnities by about \$2.0 million. In 1958, insurance was available in 830 counties as compared with 375 in 1948. Participation has increased from 169,125 contracts to 324,435, and the number of commodities insured from 7 to 11.

Expansion to new programs and counties has been made at a pace consistent with sound underwriting policies and practices. During this 11 year period additional experimental insurance programs were developed for barley, citrus, oranges, peaches, and soybeans. Programs for barley and soybeans have been expanded to a considerable number of counties as experience and actuarial data were developed and evaluated. In 1958, insurance protection was offered on barley in 29 counties and on soybeans in 136 counties. The other experimental programs were available in only a few counties each.

Wheat continues to be the major crop insured, and represents 57% of the total premium income and indemnity costs. The cumulative experience by crops for the 11 year period is as follows:

<u>Crop</u>	(Thousands of Dollars)		<u>Loss Ratio</u>
	<u>Premiums</u>	<u>Indemnities</u>	
Wheat	\$119,179	\$116,696	.98
Multiple	24,922	31,517	1.26
Tobacco	18,541	12,176	.66
Cotton	18,224	18,259	1.00
Corn	15,589	18,312	1.17
Flax	7,928	6,023	.76
Beans	1,526	1,759	1.15
Citrus	866	757	.87
Soybeans	624	268	.43
Barley	603	226	.37
Peach	<u>86</u>	<u>56</u>	<u>.65</u>
Total	<u>208,088</u>	<u>206,049</u>	<u>.99</u>

Annual premium income has exceeded indemnity costs in five of the eleven years since 1948. If consideration is given to the fact that participation in the program was predominantly in wheat areas where drought persisted during four or five of these years, it is evident that considerable progress has been made toward the goal of developing a sound crop insurance program. Since 1948,

insured farmers have been provided with over \$3 billion of insurance protection from crop loss, for premiums of \$208.1 million paid by them. In return, they have been paid \$206.0 million in indemnities, to cover crop losses they incurred resulting from hazards beyond their control.

Operating Experience - 1958: The 1958 crop year is the second consecutive year that the Corporation has operated at a surplus. Financially, it was the best year in the 20 year history of the Corporation. Premiums of \$17.6 million exceeded indemnities of \$4.5 million by approximately \$13.1 million for a loss ratio of .26. All crops operated at a surplus in 1958 for the first time since 1948. Wheat had the unusually low loss ratio of .16.

Of the 830 counties in the program for 1958, about 6% of them operated at a deficit.

The following table indicates the distribution of county participation in the 1958 program by crop and state:

NUMBER OF 1958 CROP INSURANCE PROGRAMS AND COUNTIES

<u>State</u>	<u>Wheat</u>	<u>Tobacco</u>	<u>Cotton</u>	<u>Corn</u>	<u>Multi-</u> <u>ple</u>	<u>Flax</u>	<u>Beans</u>	<u>Bar-</u> <u>ley</u>	<u>Soy-</u> <u>beans</u>	<u>Pro-</u> <u>grams</u>	<u>Total</u> <u>Coun-</u> <u>ties</u>
Alabama			15							15	15
Arkansas			10		1					11	11
California	5		1					2		9/b	5
Colorado	12				2		2	2		18	16
Connecticut		1								1	1
Florida		4								7/a	7/a
Georgia		11	2							13	11
Idaho	12						5	2		19	16
Illinois	22			26	12				23	83	30
Indiana	19			19	9				16	63	27
Iowa				47	10				34	91	47
Kansas	68			6	5					79	75
Kentucky		41								41	41
Louisiana			9		2					11	11
Maryland	1	3		1	1					6	4
Massachusetts		1								1	1
Michigan	14			7	3		7		4	35	19
Minnesota	12			27	8	29		3	24	103	47
Mississippi			23							23	23
Missouri	18			27	8				16	69	28
Montana	19							6		25	19
Nebraska	30			12	3		2			47	43
New Mexico			3							3	3
North Carolina	4	33	5							42	37
North Dakota	44				9	17		6		76	53
Ohio	23	3		15	7				15	63	33
Oklahoma	24		3							27	24
Oregon	9				2			3		14	11

State	Wheat	Tobacco	Cotton	Corn	Multi- ple	Flax	Beans	Bar- ley	Soy- beans	Total	
										Pro- grams	Coun- ties
Pennsylvania	2	1		2	2					7	3
South Carolina		9	13							23/c	14/c
South Dakota	25			7	11	9		3	3	58	40
Tennessee		27	10	1	3				1	42	38
Texas	14		24							38	33
Utah	2									2	2
Virginia		15								15	15
Washington	12						1	2		15	12
Wisconsin		2		10	1					13	12
Wyoming	3				1		1			5	3
Total	394	151	118	207	100	55	18	29	136	1,213	830

/a Includes 3 citrus counties.

/b Includes 1 citrus county.

/c Includes 1 peach county.

Only two states out of the 38 in which insurance was offered showed a deficit. Wisconsin had heavy losses on corn because of drought and freeze; and Utah had losses on wheat because of drought. Of the \$4.5 million paid in indemnities, the major portion went to farmers for losses suffered on corn and wheat crops. Losses occurred mostly in Minnesota, Montana, North Dakota, and Nebraska. These losses were due to excessive moisture, drought, flood, and freeze damage. The following table shows by states, for the 1958 crop year, the crops insured, coverage, premiums, indemnities, and surplus or deficit by states.

SUMMARY OF 1958 CROP YEAR EXPERIENCE BY STATE

State	No. of Insured Crops	Insured Coverage (Thousands)	Premiums	Indemnities	Surplus or Deficit (-)
Alabama	2,625	\$569	\$28,891	\$7,118	\$21,773
Arkansas	1,845	832	49,585	26,066	23,519
California	497	2,326	257,715	30,334	227,381
Colorado	10,075	7,005	1,160,705	248,632	912,073
Connecticut	439	431	22,779	3,846	18,933
Florida	1,267	2,632	170,571	24,873	145,698
Georgia	1,240	989	58,430	33,814	24,616
Idaho	3,205	3,736	166,370	41,648	124,722
Illinois	9,344	4,590	302,405	146,433	155,972
Indiana	9,229	3,205	167,497	139,824	27,673
Iowa	18,783	16,522	1,028,035	237,740	790,295
Kansas	24,590	17,952	2,496,753	156,695	2,340,058
Kentucky	15,719	5,468	233,607	158,477	75,130

<u>State</u>	<u>No. of Insured Crops</u>	<u>Insured Coverage (Thousands)</u>	<u>Premiums</u>	<u>Indemnities</u>	<u>Surplus or Deficit (-)</u>
Louisiana	2,584	\$524	\$38,115	\$17,576	\$20,539
Maryland	912	726	33,631	2,661	30,970
Massachusetts	272	52	2,760	2,028	732
Michigan	6,546	1,766	102,647	28,985	73,662
Minnesota	37,069	20,460	1,199,256	770,008	429,248
Mississippi	3,250	2,343	105,584	71,839	33,745
Missouri	15,201	3,493	345,849	97,799	248,050
Montana	5,137	14,707	1,200,957	376,727	824,230
Nebraska	12,541	9,848	1,147,498	301,461	846,037
New Mexico	436	723	31,128	6,649	24,479
North Carolina	20,481	24,743	721,054	18,688	702,366
North Dakota	31,041	31,101	2,487,620	418,271	2,069,349
Ohio	15,386	5,471	259,311	226,963	32,348
Oklahoma	7,203	5,789	671,213	3,969	667,244
Oregon	2,134	6,048	190,234	65,291	124,943
Pennsylvania	3,230	1,310	40,651	3,373	37,278
South Carolina	4,273	4,541	212,676	60,980	151,696
South Dakota	14,701	10,402	1,107,929	140,869	967,060
Tennessee	18,473	4,259	233,747	76,160	157,587
Texas	7,234	6,746	551,104	41,451	509,653
Utah	280	707	53,976	96,997	-43,021
Virginia	8,317	6,285	199,285	10,139	189,146
Washington	1,965	9,413	283,491	27,425	256,066
Wisconsin	6,119	3,257	183,848	366,249	-182,401
Wyoming	792	646	80,234	16,776	63,458
Total	324,435	241,617	17,627,141	4,504,834	13,122,307

Scope of Program: The planned level of crop insurance operations for the 1959, 1960, and 1961 crop years is:

<u>Item</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>
Number of counties	847	865	880
Number of commodities insured	22	14	14
Number of crops insured	339,403	390,000	425,000
Insurance coverage (\$1,000)	\$278,000	\$350,000	\$370,000
Premiums (\$1,000)	\$19,195	\$25,000	\$27,000
Indemnities (\$1,000)	\$13,017	\$22,499	\$24,300
Loss ratio	.68	.90	.90

The Corporation's policy is to gradually continue the expansion of the program, by adding insurance programs in new counties and on new crops in counties where crop insurance is already available, as experience and historical data are accumulated. For the crop year 1959, 192 new programs were offered in 146 counties, primarily on corn, wheat, and soybeans in the midwestern states.

For the 1960 crop year 65 new programs are planned, and 48 for 1961. For the 1959 crop year the insurance program was expanded to 17 additional counties. Planning for 1960 and 1961 contemplates an increase of 22 and 15 counties respectively.

Orange Insurance: Insurance against freeze was offered on oranges in one California county for the first time in 1958. Experience for the year was favorable with premiums of \$115,589 exceeding indemnities of \$21,210 by \$94,379 for a loss ratio of .18. Insured liability amounted to approximately \$1.2 million.

Grain Sorghums: All-risk insurance on grain sorghums is being offered for the first time on an individual crop basis in 1959, in one county in Kansas, one in Oklahoma, and one in Texas. Expansion of insurance on this crop to additional counties will be based on experience.

Improvements in Program: Since Federal crop insurance is an experimental program, many program changes have been made since its inception, and more will necessarily be made before the objective of a sound insurance program on a national basis is achieved. Some of the more important recent improvements are:

1. The conversion of the individual insurance policies to the Standard Policy. The Standard Policy with endorsements for each insurable crop has made it easier to offer insurance on additional crops in diversified farming counties, thereby giving farmers a wider choice in the crop protection available to them.
2. The addition of a coinsurance feature has also given the farmers an opportunity to select an amount of coverage which is less than the maximum offered, if they feel they cannot afford the maximum premium cost.
3. A recent plan of reworking coverages and rates on a cycle basis, with one or two crops being reviewed each year, has successfully aided the sales campaigns by making rates and coverages available to agents and salesmen at an earlier date. It has also stabilized the rates and coverages on most crops for a period of several years, thereby eliminating the additional work which occurred when changes were frequent, and limiting cancellations by insureds which usually increase when the rates are revised.

The Corporation is constantly seeking and studying other methods of improving operations so that the program will gradually become more beneficial to the farmers as progress continues in the direction of a sound operation on a national basis.

Program Operating Statistics: The following tables show statistical data by commodities for the past five years. The 1959 crop year data is estimated.

B A R L E Y

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Number of states.....		6	8	9	12
Number of counties.....	(No program	9	14	29	84
Number of contracts <u>1</u> /.....	until 1956)	1,695	2,430	4,226	9,334
Insurance coverage (\$1,000).....		\$1,294	\$2,500	\$3,900	\$8,680
Number of indemnities.....		163	191	486	2,150
Premiums (\$1,000).....		\$102	\$190	\$311	\$643
Indemnities (\$1,000).....		\$39	\$66	\$121	\$585
Surplus or deficit (-)(\$1,000)...		\$63	\$124	\$190	\$58
Loss ratio.....		.39	.35	.39	.91

B E A N S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Number of states.....	7	6	6	6	6
Number of counties.....	17	16	16	18	20
Number of contracts <u>1</u> /.....	4,229	3,776	3,539	3,752	3,749
Insurance coverage (\$1,000).....	\$2,035	\$1,868	\$1,700	\$2,000	\$2,672
Number of indemnities.....	336	360	387	186	397
Premiums (\$1,000).....	\$135	\$124	\$107	\$131	\$131
Indemnities (\$1,000).....	\$89	\$118	\$110	\$41	\$129
Surplus or deficit (-)(\$1,000)...	\$46	\$6	-\$3	\$90	\$2
Loss ratio.....	.66	.96	1.03	.32	.98

C I T R U S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Number of states.....	1	1	1	2	2
Number of counties.....	2	2	2	4	5
Number of contracts <u>1</u> /.....	324	345	286	700	579
Insurance coverage (\$1,000).....	\$1,414	\$1,529	\$1,500	\$3,900	\$3,951
Number of indemnities.....	9	33	672	63	215
Premiums (\$1,000).....	\$94	\$107	\$95	\$265	\$302
Indemnities (\$1,000).....	\$3	\$23	\$689	\$39	\$270
Surplus or deficit (-)(\$1,000)...	\$91	\$84	-\$594	\$226	\$32
Loss ratio.....	.03	.22	7.23	.15	.89

C O R N

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Number of states.....	13	13	13	14	16
Number of counties.....	102	113	115	207	259
Number of contracts <u>1</u> /.....	30,820	41,710	39,195	40,066	52,267
Insurance coverage (\$1,000).....	\$27,164	\$41,037	\$28,300	\$33,000	\$61,269
Number of indemnities.....	6,313	17,338	4,177	3,617	5,197
Premiums (\$1,000).....	\$1,366	\$2,708	\$2,229	\$2,069	\$3,330
Indemnities (\$1,000).....	\$2,011	\$9,086	\$1,026	\$1,164	\$1,525
Surplus or deficit (-)(\$1,000)...	-\$645	-\$6,378	\$1,203	\$905	\$1,805
Loss ratio.....	1.47	3.35	.46	.56	.46

C O T T O N

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Number of states.....	12	12	11	12	12
Number of counties.....	101	116	119	118	133
Number of contracts <u>1</u> /.....	19,319	29,975	25,451	20,469	19,910
Insurance coverage (\$1,000).....	\$23,718	\$29,872	\$18,000	\$13,000	\$21,215
Number of indemnities.....	2,106	4,779	3,800	1,142	1,472
Premiums (\$1,000).....	\$1,250	\$1,692	\$1,105	\$756	\$1,278
Indemnities (\$1,000).....	\$1,055	\$1,137	\$593	\$187	\$648
Surplus or deficit (-)(\$1,000)...	\$195	\$555	\$512	\$569	\$630
Loss ratio.....	.84	.67	.54	.25	.51

F L A X

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Number of states.....	4	3	3	3	3
Number of counties.....	50	52	52	55	71
Number of contracts <u>1</u> /.....	20,012	17,256	15,021	16,559	19,066
Insurance coverage (\$1,000).....	\$6,011	\$5,566	\$4,400	\$3,900	\$4,486
Number of indemnities.....	2,875	1,928	5,436	958	3,256
Premiums (\$1,000).....	\$704	\$646	\$515	\$410	\$493
Indemnities (\$1,000).....	\$545	\$347	\$1,265	\$185	\$665
Surplus or deficit (-)(\$1,000)...	\$159	\$299	-\$751	\$225	-\$172
Loss ratio.....	.77	.54	2.46	.45	1.35

G R A I N S O R G H U M

C r o p Y e a r

<u>Item</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Number of states.....					3
Number of counties.....					3
Number of contracts <u>1</u> /.....					110
Insurance coverage (\$1,000).....					\$96
Number of indemnities.....					12
Premiums (\$1,000).....					\$7
Indemnities (\$1,000).....					\$1
Surplus or deficit (-)(\$1,000)...					\$6
Loss ratio.....					.14

(No program until 1959)

M U L T I P L E C R O P S

C r o p Y e a r

<u>Item</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Number of states.....	23	20	20	20	15
Number of counties.....	83	101	124	100	61
Number of contracts <u>1</u> /.....	32,652	35,260	41,192	54,135	26,424
Insurance coverage (\$1,000).....	\$51,323	\$51,718	\$49,809	\$35,000	\$12,172
Number of indemnities.....	7,891	9,554	10,113	3,165	4,365
Premiums (\$1,000).....	\$2,826	\$3,234	\$3,344	\$2,055	\$1,323
Indemnities (\$1,000).....	\$4,024	\$4,151	\$2,787	\$748	\$1,841
Surplus or deficit (-)(\$1,000)...	-\$1,198	-\$917	\$557	\$1,307	-\$518
Loss ratio.....	1.42	1.28	.83	.36	1.39

O A T S

C r o p Y e a r

<u>Item</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Number of states.....					8
Number of counties.....					27
Number of contracts <u>1</u> /.....					4,401
Insurance coverage (\$1,000).....					\$1,137
Number of indemnities.....					598
Premiums (\$1,000).....					\$83
Indemnities (\$1,000).....					\$82
Surplus or deficit (-)(\$1,000)...					\$1
Loss ratio.....					.99

(No program until 1959)

P E A C H E S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Number of states.....			1	1	1
Number of counties.....	(No program		1	1	1
Number of contracts <u>1</u> /.....	until 1957)		92	97	87
Insurance coverage (\$1,000).....			\$148	\$300	\$323
Number of indemnities.....			20	45	57
Premiums (\$1,000).....			\$37	\$48	\$49
Indemnities (\$1,000).....			\$19	\$38	\$54
Surplus or deficit (-)(\$1,000)...			\$18	\$10	-\$5
Loss ratio.....			.50	.77	1.10

S O Y B E A N S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Number of states.....	3	4	4	9	14
Number of counties.....	6	7	7	136	204
Number of contracts <u>1</u> /.....	1,091	1,560	1,385	14,579	26,764
Insurance coverage (\$1,000).....	\$455	\$687	\$743	\$8,000	\$17,785
Number of indemnities.....	183	205	155	901	2,955
Premiums (\$1,000).....	\$28	\$45	\$51	\$500	\$941
Indemnities (\$1,000).....	\$21	\$34	\$33	\$181	\$537
Surplus or deficit (-)(\$1,000)...	\$7	\$11	\$18	\$319	\$404
Loss ratio.....	.75	.74	.65	.36	.57

T O B A C C O

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Number of states.....	12	12	13	13	13
Number of counties.....	127	143	149	151	160
Number of contracts <u>1</u> /.....	86,754	80,796	71,497	69,294	72,385
Insurance coverage (\$1,000).....	\$72,482	\$59,088	\$46,600	\$58,000	\$50,286
Number of indemnities.....	5,483	3,208	4,251	2,352	3,219
Premiums (\$1,000).....	\$2,720	\$2,175	\$1,629	\$1,650	\$1,734
Indemnities (\$1,000).....	\$1,075	\$618	\$559	\$310	\$546
Surplus or deficit (-)(\$1,000)...	\$1,645	\$1,557	\$1,070	\$1,340	\$1,188
Loss ratio.....	.40	.28	.34	.19	.31

W H E A T

C r o p Y e a r

<u>Item</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Number of states.....	24	22	22	23	24
Number of counties.....	400	389	390	394	460
Number of contracts ^{1/}	124,757	112,576	107,516	100,384	104,327
Insurance coverage (\$1,000).....	\$125,245	\$114,341	\$88,400	\$99,000	\$93,928
Number of indemnities.....	26,960	24,513	15,136	3,896	19,560
Premiums (\$1,000).....	\$13,208	\$11,306	\$8,106	\$9,432	\$8,881
Indemnities (\$1,000).....	\$16,682	\$12,341	\$4,858	\$1,491	\$6,134
Surplus or deficit (-)(\$1,000)...	-\$3,474	-\$1,035	\$3,248	\$7,941	\$2,747
Loss ratio.....	1.26	1.09	.60	.16	.69

S U M M A R Y

C r o p Y e a r

<u>Item</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Number of states.....	41	39	38	38	38
Number of county programs.....	888	948	989	1,213	1,488
Number of contracts ^{1/}	319,958	324,949	307,604	324,261	339,403
Insurance coverage (\$1,000).....	\$309,847	\$307,000	\$242,100	\$260,000	\$278,000
Number of indemnities.....	52,156	62,081	44,338	16,811	43,453
Premiums (\$1,000).....	\$22,330	\$22,139	\$17,408	\$17,627	\$19,195
Indemnities (\$1,000).....	\$25,505	\$27,894	\$12,005	\$4,505	\$13,017
Surplus or deficit (-)(\$1,000)...	-\$3,175	-\$5,755	\$5,403	\$13,122	\$6,178
Loss ratio.....	1.14	1.26	.69	.26	.68

^{1/} For 1958 and 1959, represents crops insured.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1959, were actually received or programmed for 1960 or 1961. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: : Obligations, : 1959	: Estimated : Obligations, : 1960	: Estimated : Obligations, : 1961
Obligations Under Reimbursements	:	:	:
From Governmental and Other	:	:	:
Sources:	:	:	:
Operating and administrative	:	:	:
expenses	: \$5,351	: \$2,500	: - -



RURAL ELECTRIFICATION ADMINISTRATION

Purpose Statement

The Rural Electrification Administration was established by Executive Order 7037 of May 11, 1935, to make loans for extension of central station electric service to unserved rural people. It was continued by the Rural Electrification Act of May 20, 1936, and became part of the Department of Agriculture on July 1, 1939, under Reorganization Plan II. On October 28, 1949, Public Law 423 amended the Act to authorize loans for furnishing and improving rural telephone service.

Electric and telephone construction loans are self-liquidating within a period not to exceed 35 years at 2 percent interest. Loans for wiring installations and electrical and plumbing appliances and equipment are also made at 2 percent interest but for shorter periods.

The principal electrification borrowers are cooperative associations formed solely for the purpose of supplying electricity in rural areas. Borrowers are encouraged to expeditiously extend service to remaining unserved farms and to operate and maintain facilities to effectively serve the consumers and assure security for the Government's loan. The accumulated experience and sound financial condition of many borrowers is fully utilized in developing and carrying out their operation plans.

Telephone loans are made to private companies and cooperatives. REA cooperates with the industry to extend telephone service to rural areas. Continuous work is done with borrowers to develop sound construction and operating policies, and with manufacturers to develop efficient and economical equipment specifically designed for rural needs. Practically no standards or equipment specifically designed for rural telephone systems were in existence before REA initiated work in this field. To protect loan security, REA works with borrowers which, for the most part, have had little past experience in operating modern telephone systems. They are, however, responsible for the operation of their systems.

The administration has no field offices. Relations with borrowers are maintained through offices in Washington and a staff of field employees working directly with borrowers. On November 30, 1959, there were 982 full-time employees; 762 in Washington and 220 in the field service.

	<u>Available, 1960</u>	<u>Budget Estimates, 1961</u>
Loan Authorizations:		
Rural electrification	a/ \$136,000,000	b/ \$110,000,000
Rural telephone	c/ 104,000,000	d/ 80,000,000
Total, Loan Authorizations	<u>240,000,000</u>	<u>190,000,000</u>
Salaries and expenses	<u>9,632,000</u>	<u>9,632,000</u>

a/ In addition, carryover funds from prior year and reserve authorization of \$25,000,000 are available. It is estimated that loans will total \$245,000,000 in 1960.

b/ With carryover funds, about \$220,000,000 is estimated for 1961 loans.

c/ Includes use of \$25,000,000 reserve authorization. With carryover funds this will provide about \$105,000,000 for 1960 loans.

d/ With carryover funds, about \$81,000,000 is estimated for 1961 loans.

(a) Loan Authorizations

Electrification Loans

	<u>Loan Authorization</u>	<u>Estimated Loans</u>
Appropriation Act, 1960 (authorization to borrow from the Secretary of the Treasury)	a/ \$136,000,000	b/ \$245,000,000
Budget Estimate, 1961	<u>110,000,000</u>	<u>b/ 220,000,000</u>
Decrease	<u>-26,000,000</u>	<u>-25,000,000</u>

a/ In addition, the Act includes a reserve authorization of \$25,000,000.

b/ In addition to new loan authorization, balances carried over from prior years are available for loans.

Telephone Loans

Appropriation Act, 1960 (authorization to borrow from the Secretary of the Treasury)	a/ \$104,000,000	b/ \$105,000,000
Budget Estimate, 1961	<u>80,000,000</u>	<u>b/ 81,000,000</u>
Decrease	<u>-24,000,000</u>	<u>-24,000,000</u>

a/ Includes a reserve authorization of \$25,000,000, which will be used to meet loan needs in fiscal year 1960.

b/ In addition to new loan authorization, balances carried over from prior years are available for loans.

PROJECT STATEMENT
(On basis of estimated loans)

By Project	1959	1960 (estimate)	1961 (estimate)
1. Rural electrification loans ...	\$177,292,100	\$245,000,000	\$220,000,000
2. Rural telephone loans	98,923,000	105,000,000	81,000,000
Total estimated loans a/	276,215,100	350,000,000	301,000,000

a/ Represents obligations (loans approved). Applied costs (loan advances) for 1959, 1960 and 1961 are \$304,986,809; \$325,000,000; and \$345,000,000, respectively.

EXPLANATION OF ESTIMATES

Rural electrification loans. The loan estimate of \$220 million will require a new loan authorization of only \$110 million since there is expected to be an estimated carryover of approximately \$108 million in unused funds from fiscal

year 1960 plus about \$2 million in rescissions of prior loans during fiscal year 1961.

Loan collections from electrification borrowers during fiscal year 1961 are expected to total approximately \$110 million in principal repayments and approximately \$60 million in interest payments. In 1959 actual collections of principal amounted to \$99,872,122 and it is estimated that this figure will reach \$104,350,000 in fiscal year 1960.

Rural telephone loans. The loan estimate of \$81 million will require a new loan authorization of \$80 million since there is expected to be little or no carryover of unused funds from fiscal year 1960 and probably not more than about \$1 million in rescissions of prior loans during fiscal year 1961.

Loan collections from telephone borrowers during fiscal year 1961 are expected to total approximately \$8 million in principal repayments and approximately \$9 million in interest payments. In 1959, actual collections of principal amounted to \$5,268,870 and it is estimated that this figure will reach \$6,235,000 in fiscal year 1960.

The following tables reflect loans and funds available for fiscal years 1959, 1960 and 1961.

Electrification Loans:

	: 1959 Actual	: 1960 Estimate:	: 1961 Estimate
<u>Loan Funds Available</u>	:	:	:
New loan authorization (including reserves)	: \$342,000,000	: \$161,000,000	: \$110,000,000
Carryover from prior year	: 63,350,636	: 210,589,749	: 108,089,749
Rescissions of prior loans	: 7,531,213	: 6,500,000	: 2,000,000
Total loan funds available	: 412,881,849	: 378,089,749	: 220,089,749
Less -	:	:	:
Loans approved	: 177,292,100	: 245,000,000	: 220,000,000
Reserves not used	: 25,000,000	: 25,000,000	: - -
Balance to next year	: 210,589,749	: 108,089,749	: 89,749

Telephone Loans:

	: 1959 Actual	: 1960 Estimate:	: 1961 Estimate
<u>Loan Funds Available</u>	:	:	:
New loan authorization (including reserves)	: \$92,500,000	: \$104,000,000	: \$80,000,000
Carryover from prior year	: 4,277,704	: 23,304	: 23,304
Rescissions of prior loans	: 2,168,600	: 1,000,000	: 1,000,000
Total loan funds available	: 98,946,304	: 105,023,304	: 81,023,304
Less -	:	:	:
Loans approved	: 98,923,000	: 105,000,000	: 81,000,000
Reserves not used	: - -	: - -	: - -
Balance to next year	: 23,304	: 23,304	: 23,304

CHANGE IN LANGUAGE

The estimates include a proposed change in language as follows (deleted matter enclosed in brackets):

* * * For loans in accordance with said Act, * * * /; and additional amounts, not to exceed \$25,000,000 for each program, may be borrowed under the same terms and conditions to the extent that such amount is required during the fiscal year 1960 under the then existing conditions for the expeditious and orderly development of the rural electrification program and rural telephone program/* * *

This change would eliminate the contingency reserve language included in the 1960 Appropriation Act. The change is proposed since the Budget Estimate will provide the amount of new funds required to carry out the loan programs proposed for the fiscal year 1961.

(b) Salaries and Expenses

Appropriation Act, 1960 and base for 1961	\$9,632,000
Budget Estimate, 1961	<u>9,632,000</u>

PROJECT STATEMENT

Project	1959	1960 (estimated)	1961 (estimated)
1. <u>Administration of Rural</u>			
<u>Electrification Program:</u>			
a. Lending and management activities ...	\$2,574,443:	\$2,601,000:	\$2,601,000
b. Engineering activities	2,176,719:	2,169,700:	2,169,700
Total, Administration of			
Electrification Program	4,751,162:	4,770,700:	4,770,700
2. <u>Administration of Rural</u>			
<u>Telephone Program:</u>			
a. Lending and management activities	2,680,955:	2,623,500:	2,623,500
b. Engineering activities	2,124,353:	2,237,800:	2,237,800
Total, Administration of			
Telephone Program	4,805,308:	4,861,300:	4,861,300
Subtotal <u>a/</u>	9,556,470:	9,632,000:	9,632,000
Unobligated balance	44,830:	- - :	- -
Total employee health benefit costs			
(P.L. 86-382)	[- -]:	[- -]:	[54,480]
Total available or estimate	b/9,601,300:	9,632,000:	9,632,000
Transferred from "Conservation reserve			
program, Commodity Stabilization			
Service"	-582,300:		
Total appropriation or estimate	9,019,000:		

a/ Represents obligations. Applied costs for 1959 are \$9,539,168. The difference of \$17,302 reflects, primarily, the excess of equipment used in 1959 over orders placed in that year.

b/ Includes \$30,352 obligated in 1958 under the advance procurement authorization (P.L. 85-386).

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STATUS OF PROGRAM

Electrification Program

The primary responsibility of the Rural Electrification Administration is to safeguard the Government's security for almost four billion dollars in loans already made. New loans are being made for the extension of electric service to the remaining unserved areas and to provide the necessary additional facilities to meet the ever-increasing need for power on existing systems.

	<u>Actual</u> <u>1959</u>	<u>Estimated</u> <u>1960</u>
<u>Applications</u>		
On hand start of year	\$123,338,000	\$158,760,000
Received during year	230,820,000	250,000,000

Loan Activity

Number of loans made	250	290
Amount	\$177,292,100	\$245,000,000
Miles of line to be constructed	12,197	17,000
Consumers to be served	100,591	140,000

Problems in Sparsely Settled Areas - About 4 percent of American farms were without central station electric service as of June 30, 1959. Loans to provide service to these unserved farms involve increasing difficulties as more sparsely settled sections are reached. Applications from the "thinner" areas require more detailed study of construction costs, probable revenues and operating costs. The problems of adequate and dependable power supply are great in sparsely settled areas where transmission distances are long.

Systems Need Improvement - In addition to extension of electric service to remaining unserved rural people, the use of electric power on all farms and in the rural areas serviced by REA cooperatives is steadily increasing. REA borrowers must increase their system capacities to be able to deliver the power required at acceptable voltages to over four and one-half million rural consumers. Loans are needed for such purposes as the installation of voltage regulators, new substations, heavy conductor, poles, crossarms, and hardware, and for additional generation and transmission facilities. Complex construction plans in accordance with comprehensive system planning studies must be worked out to assure that these system improvements are carried on in an orderly and economical way, and to assure the existence of an adequate dependable, and economical wholesale power supply.

Loan Needs - During fiscal year 1959, loans for distribution system construction amounted to \$109,352,703 or 61.7 percent of all loans for the year. Loans for generation and transmission facilities

totalled \$64,814,397 or 36.6 percent of the loans made. The remaining \$3,125,000 or 1.7 percent was loaned to REA borrowers for financing consumer facilities.

For fiscal year 1960, electrification loan funds total \$371,589,749, consisting of a regular authorization of \$136 million, a reserve authorization of \$25 million, and a carryover of \$210,589,749 in unused funds from the fiscal year 1959. It is expected that loan needs for the year will total \$245 million.

Rescissions - Periodically, REA reviews the status of unadvanced loan funds for all borrowers, as well as doing so each time a new loan is under consideration for a particular borrower. Loans are rescinded or transferred to other needed purposes where it is indicated that borrowers no longer need the remaining unadvanced funds for the purpose for which they are loaned. During the fiscal year 1959, loan rescissions amounted to about \$7.5 million compared to \$6,014,645 in the previous year.

Fund Advances and Construction Progress

	<u>Fiscal Year</u> <u>1959</u>	<u>Estimated,</u> <u>F. Y. 1960</u>
Advances	\$211,717,335	\$225,000,000
Consumers served	131,505	130,000
Miles energized	23,039	20,000
Generating capacity installed (kw) ..	140,870	320,450

Unadvanced loan funds were \$584 million on June 30, 1959, and are expected to approximate \$597 million by June 30, 1960. The amount of unadvanced loans is substantial because of the considerable time which elapses between the making of a loan and the final advance of funds when construction is completed, particularly for generation and transmission facilities and system improvements.

Cumulative Repayments

	<u>June 30, 1958</u>	<u>June 30, 1959</u>
Payments:		
Principal	\$674,621,932	\$774,494,054
Interest	327,959,177	372,997,314
Repayments ahead of schedule	128,651,918	146,433,746
Payments over-due more than 30 days ..	106,619	100,877
Interest and principal on two foreclosures	44,478	44,478

Borrowers' scheduled loan repayments are steadily increasing as installment repayments of record amounts loaned in recent years are now becoming due.

Continued increase in the use of electricity by their consumers has made it necessary for borrowers to make substantial additional

investment in distribution plant and power supply facilities. For the electric utility industry as a whole, distribution plant system improvements are currently requiring on the average about 6 percent additional capital investment annually.

For the future, a continuing annual investment at about the current rate is anticipated. The experience of REA borrowers as a group parallels that of the remainder of the industry. These additional capital requirements, together with funds required for extending initial service to consumers, will cause the total indebtedness, and therefore the debt service payments of borrowers, to increase steadily with the passage of time.

The debt payments of borrowers rose sharply during the period 1949-1959, when payments became due on large amounts loaned borrowers during the peak years of their initial construction programs. From 1949 to 1959, annual principal and interest due from electric borrowers increased from approximately \$35 million to over \$123 million, and in 1960 is expected to be about \$131 million. REA must work with the electric borrowers in helping them develop to the point where they can meet these increasing debt service requirements.

Management and Engineering

Debt Service - Because borrower's debt service increases with the passage of time, any analysis of loan security must go considerably beyond the borrowers' present position with respect to loan repayment. One measure is to compare the margin of revenues over expenses (including an allowance for replacements) with the maximum schedule of repayment that would be required if none of the payments were being deferred. This is most meaningful when assessed in terms of the weighted age of the borrower's plant. On this basis, the debt service earned ratios of 174 borrowers fell below expectations as of the end of the calendar year 1958, as compared with 166 as of the end of the fiscal year 1958. There were 2 borrowers in default on payments due as of June 30, 1959, as compared to 4 as of June 30, 1958.

REA works with borrowers to detect adverse trends and other unfavorable developments which might endanger loan security. Intensive effort is devoted to individual borrowers who are in financial difficulty or represent loan security problems for other specific reasons.

Condition of Physical Facilities - Until recent years borrowers have been operating plants which were substantially new and therefore have required little maintenance. As borrowers' plants become older, effective technical operations and maintenance practices become increasingly more important. With the loads of many borrowers approaching system capacity, skillful operation of these systems takes on ever greater importance. In the fiscal year 1960 about 73 percent of the borrowers' systems will be over 5 years old and about 44 percent of these facilities will be over 10 years of age. The soundness of the physical facilities and their operations is essential for consumers to receive adequate service and the Government loan to be repaid.

REA field engineers make surveys of the borrower's physical plant to ascertain its condition and bring possible improvements to the attention of the borrower. Technical information is continually being developed by the engineering staff for borrowers' use in important aspects of technical operations and maintenance to protect the properties that secure the Government loan.

Management Soundness of Borrowers - Continuous work is carried out with loan security borrowers in developing comprehensive management plans and assisting them in business and technical operations until they are back in sound operating status. Experience has shown that if sufficient attention can be given to these borrowers when the first indication of difficulty appears, serious future threats to loan security and probable losses of Government loan funds can be avoided.

Electric Power Promotion - Except in unusual circumstances, reductions in the borrower's expenses are not of sufficient magnitude to solve loan security problems. An increase in power sales is most often the only practical answer. Also, increased usage of equipment, besides resulting in an increase in power sales, means a more highly diversified load and an improved load factor or greater kwh sales per kw of demand.

The major effort of REA in this regard is in stimulating borrowers, borrower organizations, power companies, and manufacturing and sales concerns to get together and develop advertising and sales programs aimed directly at the potentially huge rural market. Through this program considerable progress is being made in promoting the increased sale and beneficial use of electric power in rural areas. This is materially strengthening the financial condition of REA borrowers. The increased use of power on farms, in addition to bettering the financial condition of the borrowers, is reducing the operating costs of farmers by use of this cheapest "hired hand."

During the fiscal year 1959, REA continued to further stimulate sales of electrical appliances and equipment. The work is carried out in cooperation with all segments of the electrical industry - manufacturers, trade associations, distributors, dealers, rural power distributors and other. On the local level, dealers and REA borrowers work together in sales efforts tailored to the needs of the rural communities they serve.

Other Program Highlights

Nuclear Power Developments - Construction is proceeding according to schedule on the nuclear reactor at Elk River, Minnesota. Erection of the steel containment was completed during the fiscal year 1959. The reactor vessel is scheduled for shipment in January 1960. The nuclear reactor will be financed and owned by the Atomic Energy Commission and the conventional portion of the power plant will be owned by the Rural Cooperative Power Association of Elk River and financed with loan funds from REA.

The Cooperative will operate the entire plant for five years and purchase the steam produced by the reactor from the Atomic Energy Commission. The Cooperative has an option to purchase the reactor at the end of the five-year contract period. Studies are also being made for a nuclear reactor for installation on the system of the Chugach Electric Association, Incorporated, Anchorage, Alaska.

Conventional Power Supply - The continued increase in the power requirements of borrower consumers has made it necessary for the borrowers to continuously reappraise and plan for their future power supply. To meet these needs may require new wholesale power contracts, integration of existing REA-financed power facilities with other facilities in the area or generation and transmission by REA borrowers. During fiscal year 1959, REA borrowers installed 140,870 kw of generating capacity. During fiscal year 1960, borrowers will add about 320,450 kw.

Program Progress - The cumulative figures presented in the following tables I and II show the progress that has been made in the rural electrification program since its inception in May 1935:

TABLE NO. I - ELECTRIFICATION LOANS
(Cumulative Figures)

Date	Total Net Loans All Purposes	Estimated Coverage when Construction is Completed on all Loans Approved to Date	
		Miles of Line	Consumers Served
June 30, 1936	\$ 13,903,412	13,072	48,997
June 30, 1937	58,936,217	54,407	193,529
June 30, 1938	88,172,436	80,951	282,802
June 30, 1939	227,236,949	209,818	724,999
June 30, 1940	268,972,949	251,642	854,828
June 30, 1941	369,027,621	356,053	1,171,867
June 30, 1942	460,180,345	409,490	1,345,107
June 30, 1943	466,881,323	414,287	1,358,114
June 30, 1944	498,811,447	448,889	1,438,567
June 30, 1945	524,542,502	471,351	1,495,233
June 30, 1946	813,914,990	672,667	2,080,167
June 30, 1947	1,068,436,162	811,019	2,484,503
June 30, 1948	1,381,459,261	931,467	2,847,991
June 30, 1949	1,830,318,858	1,097,705	3,352,603
June 30, 1950	2,205,470,314	1,214,702	3,688,969
June 30, 1951	2,427,204,114	1,286,127	3,896,824
June 30, 1952	2,592,629,925	1,317,279	4,034,334
June 30, 1953	2,730,009,085	1,351,297	4,195,732
June 30, 1954	2,885,932,099	1,387,441	4,367,045
June 30, 1955	3,050,119,414	1,411,765	4,546,463
June 30, 1956	3,238,250,759	1,435,478	4,717,730
June 30, 1957	3,536,955,428	1,460,431	4,903,777
June 30, 1958	3,772,577,652	1,479,209	5,088,096
June 30, 1959	3,942,338,539	1,491,406	5,188,687
June 30, 1960 (est.)	4,180,838,539	1,508,406	5,328,687
June 30, 1961 (est.)	4,398,838,539	1,523,406	5,453,687

TABLE NO. II - ELECTRIFICATION CONSTRUCTION
(Cumulative Figures)

Date	Loan Funds Advanced to Borrowers	Total Miles Energized	Construction Completed		Total KWH Billed (Annual)
			Total Consumers Served	Total Consumers	
June 30, 1936	\$ 823,262	400	693	a/	a/
June 30, 1937	11,864,836	8,000	19,611	a/	a/
June 30, 1938	60,040,810	41,736	104,528	a/	a/
June 30, 1939	122,337,824	115,230	268,000		
June 30, 1940	221,287,287	232,978	549,604		311,479,000
June 30, 1941	296,395,142	307,769	779,561		566,422,777
June 30, 1942	354,616,010	369,129	981,193		893,461,286
June 30, 1943	369,152,582	381,747	1,041,821		1,460,460,571
June 30, 1944	387,630,670	397,861	1,152,031		1,791,607,706
June 30, 1945	427,366,738	424,072	1,287,347		2,066,121,706
June 30, 1946	514,619,844	474,837	1,549,057		2,185,149,697
June 30, 1947	704,705,701	546,781	1,843,351		2,861,024,042
June 30, 1948	950,941,658	666,156	2,263,869		4,016,273,673
June 30, 1949	1,272,228,526	839,685	2,778,180		5,474,001,598
June 30, 1950	1,558,887,178	1,018,336	3,251,787		6,973,694,936
June 30, 1951	1,827,017,836	1,134,498	3,547,323		8,737,816,038
June 30, 1952	2,054,591,865	1,210,473	3,769,426		10,603,286,075
June 30, 1953	2,262,225,801	1,271,443	3,951,940		12,560,298,086
June 30, 1954	2,443,754,333	1,315,630	4,109,223		14,947,103,217
June 30, 1955	2,600,496,268	1,348,069	4,187,825		17,788,343,000
June 30, 1956	2,755,235,812	1,372,001	4,301,705		20,664,933,000
June 30, 1957	2,941,213,434	1,394,353	4,406,503		22,870,371,000
June 30, 1958	3,146,545,731	1,414,034	4,521,997		24,960,020,000
June 30, 1959	3,358,263,066	1,437,073	4,653,502		28,539,692,000
June 30, 1960 (est.)	3,583,263,066	1,457,073	4,783,502		31,000,000,000
June 30, 1961 (est.)	3,823,263,066	1,477,073	4,913,502		33,500,000,000

a/ Not available.

Telephone Program

Since the inception of the rural telephone program in fiscal year 1950, through fiscal year 1959, loans made have totaled over \$575 million. During this ten-year period the percentage of farms with telephone service has increased from about 38 percent to an estimated 65 percent. There is an increasing interest in modern telephone service in the remaining unserved areas and in the improvement of service in those areas where present facilities are inadequate and do not meet the needs for modern communications. During fiscal year 1959 activities reached a new high. The amounts loaned, amounts advanced, route miles of line completed, and subscribers served exceeded accomplishments in any previous year.

Applications

	Actual, <u>1959</u>	Estimated, <u>1960</u>
On hand, start of year	\$ 70,709,000	\$109,181,000
Received during year	122,196,000	120,000,000

Applications continued to come in at a substantial rate during fiscal year 1959 with an increase of about \$25 million over applications received during fiscal year 1958.

Loan Activity

	<u>1959</u>	<u>Estimated 1960</u>
Number of loans made	223	235
Amount	\$98,923,000	\$105,000,000
Route miles of line to be constructed or improved	39,497	42,000
Subscribers to receive new or improved service	170,870	182,000

New telephone loan funds for fiscal year 1960 consists of a regular authorization of \$79,000,000 plus a reserve authorization of \$25 million to be used to the extent that it may be needed during the year. The carryover of unused funds from fiscal year 1959 was nominal, totaling only \$23,304. All of the funds available for fiscal year 1960 are expected to be loaned. The amount of funds available will provide new or improved service to about 182,000 rural subscribers on an estimated 42,000 miles of line.

Fund Advances and Construction Progress

	<u>1959</u>	<u>1960</u>
Advances	\$93,269,473	\$100,000,000
Route miles of line constructed or improved	41,245	48,000
Subscribers receiving new or improved service	180,000 (est.)	208,000

A cumulative total of \$402,878,138 was advanced to telephone borrowers through June 30, 1959. It provided for construction and improvement of 182,893 miles of line and new and improved service to an estimated 630,000 subscribers. In addition, as of June 30, 1959, contract and force account proposals had been approved for construction of about another 38,000 miles.

Cumulative Repayments

	<u>June 30, 1958</u>	<u>June 30, 1959</u>
Payments:		
Principal	\$ 7,863,513	\$13,132,383
Interest	5,545,439	9,145,846
Repayments ahead of schedule	709,920	1,599,422
Payments overdue more than 30 days..	363,138	309,128

The situation in regard to overdue payments is improving. A major factor accounting for past overdue payments has been the delays in construction, especially the long delays in delivery of central office equipment. These delays resulted in payments becoming due before construction was completed.

Management and Engineering

Management Assistance to Borrowers - Many telephone borrowers are beset with operating problems prior to the closing of their initial loan. If these borrowers receive the proper amount of attention from REA from the beginning, there is much less risk of serious loan security problems developing in the future. During fiscal year 1959, intensive effort was devoted to individual borrowers who had not developed a level of operations adequate to assure loan repayments. These borrowers were helped with critical operating problems such as rates, operating budgets, personnel, connecting company agreements, etc. By helping or advising borrowers in matters such as negotiation of an adequate connecting company agreement they have been able to get more favorable terms that permit them to retain more of their toll receipts or pay less for such things as operator assistance service. REA has also assisted borrowers in extending their service more rapidly in order to realize their full revenue potential as soon as possible. This type of help from REA assists borrowers to put their operations on a sound operating basis and to improve their financial position.

The extent of these needs is shown by the fact that operations work was carried on with 665 borrowers during fiscal year 1959 as compared with 611 the year before. The total number of borrowers will rise to an estimated 735 by June 30, 1960. During fiscal year 1960 REA will continue to devote attention to helping borrowers secure and develop the best management available and attain their maximum revenue point as rapidly as possible. Attention will be concentrated on delinquent borrowers and those experiencing unsatisfactory or adverse financial trends. Delinquent borrowers at June 30, 1959 numbered 13 with principal and interest amounting to \$309,128 compared to 15 delinquencies in the previous year totaling \$363,138.

Engineering and Technical Operations - Through June 30, 1959, a total of 629 borrowers were authorized an advance of loan funds for construction. By June 30, 1960, the number of borrowers authorized advances for construction will increase to about 700. During the fiscal year 1959 central office equipment installations were completed in 429 exchanges as compared to 404 during fiscal year 1958. The number of borrowers who had cut-over (modernized) REA financed facilities rose from 439 on June 30, 1958 to 532 on June 30, 1959. It is estimated that another 120 borrowers will cut-over one or more of their exchanges in 1960 bringing the total of such borrowers with exchanges to 652.

Engineering assistance is provided where borrowers have technical operating problems. REA is also encouraging interest on the part of engineering firms to enter the rural telephone field and to acquaint borrower and engineering firm personnel with REA policies and requirements. Through these efforts, together with other contributing factors, the quality of the work of engineering firms has continued to improve. The standardization work of REA telephone staff engineers and the increased interest of equipment manufacturers in rural telephony as a market has helped to increase the pace of construction.

Other Program Highlights

Expanded Use of Underground Cable - During the year, wire and cable design work by REA engineers reached the point where underground cable is practical under favorable conditions in many areas of the United States. New accessories to be used with underground cable have also been designed and manufactured. Many of the manufacturers of accessory products have contributed substantially in this regard. Large cable plows have been designed and are available which are capable of placing the wires or cables into the ground to required depth for satisfactory operation.

Assistance to Borrowers on F.A.A. Installations - REA provided special assistance to a number of borrowers in meeting requests from Federal Aviation Agency offices for telephone communications to sites in the air-ground peripheral network and to other FAA installations. This involved continued liaison with FAA and representatives of the Bell System.

Increase in Defense Communications - Activities on the part of REA borrowers involved in providing communication facilities for the Semiautomatic Ground Environment (SAGE) system of the Air Defense Command were accelerated during the year. As of June 30, 1959, approximately 150 Independent Telephone Companies were involved in the SAGE program and 37 of these were REA borrowers. REA assistance to these borrowers required a significant increase in activity by its staff specialists and line personnel in view of the increased complexity of the communication requirements involved, as well as

active participation by a larger number of borrowers. Liaison activities with the Air Force and the Bell System were increased as a result of the added workload in this field.

Program Progress - The cumulative figures presented in the following tables III and IV show the progress that has been made in the rural telephone program since its inception in October 1949:

TABLE NO. III - TELEPHONE LOANS
(Cumulative Figures)

Date	Borrowers	Total Net Loans	Estimated Progress after Completion of Construction Authorized by Total Loans to Date		
			Route miles of line to be Constructed or Improved	Subscribers to Receive new or Improved Service	
June 30, 1950	17	\$ 3,426,500	3,948	16,837	
June 30, 1951	113	41,255,000	41,288	155,816	
June 30, 1952	190	82,260,718	72,563	251,050	
June 30, 1953	219	118,144,218	88,337	302,597	
June 30, 1954	279	184,578,542	125,576	410,657	
June 30, 1955	351	234,180,542	157,751	515,683	
June 30, 1956	466	312,391,542	201,524	695,389	
June 30, 1957	551	391,139,542	241,681	863,329	
June 30, 1958	611	478,459,015	277,730	1,020,454	
June 30, 1959	665	575,213,415	317,227	1,191,324	
June 30, 1960 (est.)	735	679,213,415	359,227	1,373,324	
June 30, 1961 (est.)	805	759,213,415	391,727	1,513,074	

TABLE NO. IV - TELEPHONE CONSTRUCTION
(Cumulative Figures)

Date	Total Loan Funds Advanced to Borrowers	Construction Completed		
		Route Miles of Line Constructed or Improved	Subscribers Receiving New or Improved Service a/	
June 30, 1950	\$ - -	- -	- -	
June 30, 1951	155,868	b/	b/	
June 30, 1952	7,797,218	204	1,686	
June 30, 1953	31,662,022	8,243	24,729	
June 30, 1954	60,102,148	26,541	85,000	
June 30, 1955	99,889,134	45,498	148,000	
June 30, 1956	153,808,413	68,607	223,000	
June 30, 1957	226,748,656	103,064	330,000	
June 30, 1958	309,608,665	144,556	450,000	
June 30, 1959	402,878,138	182,893	630,000	
June 30, 1960 (est.) ...	502,878,138	230,893	838,000	
June 30, 1961 (est.) ...	607,878,138	278,893	1,046,000	

a/ Estimated.
b/ Not available.
c/ Revised.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1959, were actually received or programmed for 1960 and 1961. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: : Obligations, : 1959	: Estimated : Obligations, : 1960	: Estimated : Obligations, : 1961
Obligations Under Reimbursements	:	:	:
From Governmental and Other	:	:	:
Sources:	:	:	:
Salaries and expenses	: \$2,758	: \$4,000	: - -

FARMERS HOME ADMINISTRATION

Purpose Statement

The Farmers Home Administration, established on November 1, 1946, pursuant to the Farmers Home Administration Act of 1946, approved August 14, 1946, conducts the following activities:

1. Makes direct and insured farm ownership loans to farm tenants, farm laborers, sharecroppers and other individuals, including farm owners, for the purchase, enlargement or development of family-type or the development of less than family-type farms. Loans are also made for the refinancing of existing indebtedness. Direct loans are not to exceed 5% interest amortized over 40 years, are made in amounts up to the normal value of a farm as improved based on long-term earning capacity values. Loans for the same purposes advanced by private lenders to eligible applicants are insured in amounts up to 90% of the normal value of the farm and necessary improvements for periods up to 40 years at not more than 4% interest, plus one-half of 1% as an insurance premium and one-half of 1% toward administrative expenses. The Administration services the insured loans, and remits payments to the lenders.
2. Makes farm operating (production and subsistence) loans to farmers and stockmen for farm operating expenses and for other farm needs, including the refinancing of indebtedness, and family subsistence. Loans are made up to \$10,000 for 1 to 7 years at 5% interest with a limit of \$20,000 on the total indebtedness and 10 years during which loans may be made to any farmer.
3. Makes direct and insured soil and water conservation loans for the effective development and utilization of water supplies and for the improvement of farm land by soil and water conserving facilities and practices. Direct loans are made to farmers and associations for periods up to 20 years for individuals and 40 years for associations. Loans advanced by private lenders for the same periods of time and for the same purposes are insured. Interest rates on direct and insured loans to individuals and insured loans to associations are administratively set at 5%. The direct loan rate to associations is administratively set at 4½%. On insured loans one-half of 1% charge as an insurance premium and a one-half of 1% charge as an administrative expense charge is retained by the Government.
4. Makes farm housing loans to farm owners for the construction, improvement, alteration, repair or replacement of dwellings and other farm buildings for periods up to 33 years at 4% interest.
5. Makes emergency loans to farmers and stockmen in designated areas where a disaster has caused a need for agricultural credit not readily available from commercial banks, cooperative lending agencies, the Farmers Home Administration's regular loan programs, or other responsible sources. Production emergency and economic emergency loans are made at 3% interest for periods consistent with the ability of the borrower to repay, usually for one year. Special

loans to established livestock producers are made at 5% interest for periods not exceeding three years. Since July 14, 1957, these loans may be made only to producers already indebted for this type of loan.

6. Makes watershed loans on watershed projects to local organizations for installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights of way and for related costs. Loans are made for periods up to 50 years at an interest rate based on specified outstanding obligations of the Treasury. Total loans outstanding on any one watershed project may not exceed \$5,000,000. Funds for these loans are appropriated under "Watershed protection, Soil Conservation Service".

Technical guidance in planning and carrying out sound farm operations is provided borrowers on the basis of their individual problems and needs. No loan is made to anyone who can secure adequate credit from other sources at reasonable rates. A local county committee of 3 (2 of whom must be farmers) is required to approve each applicant and each loan. In the case of real estate loans, this committee also certifies to the value of the farm.

On July 1, 1959, the Administration was servicing the accounts of about 205,400 individual borrowers with outstanding indebtedness of \$1,108,860,000 principal and interest.

The Farmers Home Administration maintains its central office in Washington with program activities decentralized to 43 State offices (a few of which service two or more States), about 1,430 county offices serving all agricultural counties, and a Finance Office in St. Louis, Missouri. The Farmers Home Administration on November 30, 1959, had 4,790 full-time employees, 192 of whom were in Washington, and the balance in the field, and 8,282 State and county committee-men who are part-time employees paid an average of 8 to 10 days a year.

	Estimated Available, 1960	Budget Estimate, 1961
Borrowing authorizations:		
Farm ownership	\$24,000,000	\$20,000,000
Farm operating (production and subsistence)	180,000,000	154,000,000
Soil and water conservation	2,000,000	3,000,000
Total loans	a/ 206,000,000	177,000,000
Appropriated funds:		
Salaries and expenses	30,744,750	31,407,650

- a/ In addition, obligations for farm housing loans are estimated at \$60,000,000 in the fiscal year 1960 and \$25,000,000 in the fiscal year 1961 from the authorization of \$450,000,000 provided in Public Law 1020, approved August 7, 1956, for the period 1957-1961. A contingency fund of \$20 million is also available in the fiscal year 1960, for farm ownership and farm operating loans, of which not to exceed \$5 million may be used for farm ownership loans.

(a) Loan Authorizations

Appropriation Act, 1960 and base for 1961	a/ \$206,000,000
Budget Estimate, 1961	177,000,000
Decrease	<u>-29,000,000</u>

SUMMARY OF INCREASES AND DECREASES, 1961
(On available funds basis)

Decrease in borrowing authorization for farm ownership loans ..	-6,900,000
Decrease in borrowing authorization for farm operating loans ..	-43,100,000
Increase in borrowing authorization for soil and water conservation loans	+1,000,000
Net decrease, all loans	a/ <u>-49,000,000</u>

PROJECT STATEMENT
(On available funds basis)

Project	1959	1960 (estimated)	Increase or decrease	1961 (estimated)
Loan Authorizations:				
1. Farm ownership loans:	\$28,999,938:	\$26,900,000:	-\$6,900,000(1):	\$20,000,000
2. Farm operating loans:	186,999,940:	197,100,000:	-43,100,000(2):	154,000,000
3. Soil and water con- servation loans ...	4,976,687:	2,000,000:	+1,000,000(3):	3,000,000
4. Farm housing loans	60,674,466:	40,000,000:	-15,000,000(4):	25,000,000
Total obligations b/ ..	281,651,031:	a/266,000,000:	-64,000,000	202,000,000
Contingency authoriza- tion used	- -	-20,000,000:	+20,000,000	- -
Unobligated balance carried forward	337,462,128:	297,462,128:	-25,000,000	272,462,128
Unobligated balance:				
No longer available .	523,435:	- -	- -	- -
Brought forward	-397,459,316:	-337,462,128:	+40,000,000	-297,462,128
Recovery of prior-year obligations	-677,278:	- -	- -	- -
Total authorization or estimate	c/221,500,000:	a/206,000,000:	-29,000,000	177,000,000

a/ The contingency authorization of \$20 million provided in the 1960 appropriation act has been programmed for loans, as follows: Farm ownership loans, \$2,900,000; farm operating loans, \$17,100,000.

b/ Represents loans approved. Applied costs (loan advances) for 1959, 1960 and 1961 are \$279,044,615, \$251,485,000, and \$203,349,000, respectively.

c/ Includes use of \$5,000,000 contingency for farm ownership loans and \$7,000,000 for farm operating loans.

INCREASES AND DECREASES

(1) A decrease of \$6,900,000 in farm ownership loans - The estimate of \$20,000,000 represents a decrease of \$4,000,000 below the \$24,000,000 contained in the regular borrowing authorization for 1960, and a decrease of \$6,900,000 when compared to the regular authorization plus \$2,900,000 being obligated in 1960 from the contingency borrowing authorization of \$20,000,000 available for farm ownership

and farm operating loans. The decrease is based primarily on the general reduced need and demand for farm ownership loans. Applications for all types of farm ownership loans declined substantially in the early months of fiscal year 1960. The number of applications on hand June 30, 1959 was about 26% below the number on hand June 30, 1958. A portion of the decrease proposed for 1960 reflects the reduced demand for the refinancing of existing indebtedness. While the authority for refinancing has been extended, the volume of obligations for loans made primarily for refinancing has been on a declining basis and a reduced need for loan funds is indicated in 1961.

Partially offsetting this decrease is the possibility of an increased insured loan volume in 1961. The volume of insured farm ownership loans in 1960 is now estimated at \$13,000,000 compared to an earlier estimate of \$12,000,000, demonstrating some improvement in the participation of private lenders in the insured loan program. Also, legislative recommendations have been made to the Congress to authorize the Secretary to establish interest rates on insured loans taking into consideration prevailing interest rates for loans on similar terms and purposes charged by private and cooperative credit institutions. Such authority would undoubtedly provide ample funds for insured loans.

(2) A reduction of \$43,100,000 in farm operating loans - The estimate of \$154,000,000 represents a decrease of \$26,000,000 below the regular borrowing authorization of \$180,000,000 for 1960 and a decrease of \$43,100,000 when compared to the regular authorization plus \$17,100,000 being obligated in 1960 from the contingency borrowing authorization of \$20,000,000. This reduction is related to the general reduced demand for operating loans which the Farmers Home Administration has been experiencing in the last several years. In addition, the volume of borrowers who have been paying their loans in full has reduced the number of indebted borrowers to a point where it can be expected that a smaller amount of the total obligations in 1961 will be needed for subsequent loans to indebted borrowers. In recent years, authorizations for operating loans have been sufficient to take care of most of the eligible applicants for new loans as well as the subsequent credit needs of borrowers already indebted for such loans. In many of the earlier years, the demand was far in excess of the funds available. The situation in 1961 is expected to be such that a constructive program can be carried out within the amount of the Budget Estimate.

(3) An increase of \$1,000,000 for soil and water conservation loans - The demand for soil and water conservation loans from associations increased during fiscal year 1959 and the number of these applications which could be successfully developed into loans also increased substantially. It is apparent that the amount of \$2,000,000 in 1960 will take care of only the most urgent applications for loans from associations and individuals. Because of the shortage of both direct and insured loan funds in 1960, some of the loan development probably will be deferred until 1961.

Loans to associations, which have been primarily for domestic water supplies in rural areas, have proved to be very popular and helpful in rural communities. The insured loan program which in the earlier years provided ample funds for most soil and water conservation loans is not providing nearly sufficient funds at this time. If a reliable source of funds is to be available for both loans to individuals and associations in 1961 an increase in direct loan funds is essential.

(4) A reduction of \$15,000,000 estimated for farm housing loans - The estimate for farm housing loans in 1960 is about \$20,675,000 less than the \$60,674,466 obligated in 1959. Estimated obligations in 1961 are further reduced to \$25,000,000 based on anticipated loan demand and within the revised regulations covering applicant eligibility. The Farmers Home Administration, as an anti-recession measure in 1958, relaxed its regulations to remove the previous restriction that the farm on which the loan is being made must be of "such size and productive capacity that it will produce agricultural commodities in sufficient quantities that the proceeds from their sale will be a substantial portion of the operator's total cash income". The definition of a farm was then changed to "one or more tracts of land owned by the applicant and operated as an individual farm which is in agricultural production and annually will produce agricultural commodities for sale and home use which have a gross value of not less than \$400 based on 1944 prices." This change in the definition of a farm and thus in eligibility requirements created a substantially greater demand for loans than experienced before.

As of July 15, 1959, the regulations were again changed to return to the definition of a farm in effect prior to March 1958. The effect of this change was to confine loans to owner-operators who are bona fide farmers. Included in the revised regulations is the provision that the applicant's farm "is recognized in the community as a farm rather than a rural residence". The change was effective only with applications filed after July 15, 1959, which means that a substantial volume of loans in 1960 will be based on previous "anti-recession" regulations. In 1961 the full impact of the change will be felt.

In addition to the impact of the change in regulations there has been a substantial reduction in the number of loan applications in 1960 compared to 1959 which is expected to continue although perhaps at a lesser rate in 1961. The number of applications for loans in 1960 is expected to be up to 20% less than in 1959 and a further reduction of about 15% is estimated for 1961.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (deleted matter enclosed in brackets):

* * * For loans * * * Provided, That not to exceed the foregoing several amounts shall be borrowed in one account from the Secretary of the Treasury in accordance with the provisions set forth under this head in the Department of Agriculture Appropriation Act, 1952 [: Provided further, That an additional amount, not to exceed \$20,000,000, may be borrowed under the same terms and conditions to the extent that such amount is required during fiscal year 1960 under the then existing conditions for the expeditious and orderly conduct of the loan programs under the Bankhead-Jones Farm Tenant Act, as amended, not to exceed \$5,000,000 of which shall be available for loans under title I and section 43 of title IV of such Act, as amended].

The proposed language change would eliminate the contingency loan authorization language contained in the 1960 Appropriation Act since the estimated loan programs for fiscal year 1961 do not anticipate the need for any contingency funds.



(b) Salaries and Expenses

Appropriation Act, 1960	\$30,744,750
Transferred from Farm Tenant-Mortgage Insurance Fund	<u>1,000,000</u>
Base for 1961	31,744,750
Budget Estimate, 1961:	
Direct Appropriation	\$31,467,650
Transfer from Farm Tenant-Mortgage Insurance Fund ...	<u>1,065,000</u>
Total Budget Estimate	<u>32,532,650</u>
Increase	<u>+787,900</u>

INCREASES AND DECREASES FOR 1961

Increase to provide more adequate geographical coverage and loan servicing by the county offices	+505,400
Increase in transfer from the Farm Tenant-Mortgage Insurance Administrative Fund	+65,000
Decrease due to providing a direct appropriation to General Services Administration for certain leasing costs previously paid from this appropriation	-9,100
For employee health benefit costs pursuant to Public Law 86-382	+226,600

PROJECT STATEMENT

Project	1959	1960 (estimated)	Health Bene- fit Costs (P.L. 86-382)	Increase or Decrease Other	1961 (estimated)
Administration of direct and insured loan programs a/ ...	\$32,077,751	\$31,744,750	+\$226,600	+\$561,300(1)	\$32,532,650
Unobligated balance .	86,749	- -	- -	- -	- -
Total employee health benefit costs (P.L. 86-382)	[- -]	[- -]	[+234,600]	[+6,000]	[+240,600]
Total available or estimate	b/32,164,500	31,744,750	+226,600	+561,300	32,532,650
Transfer from "Farm Tenant-Mortgage Insurance Fund" ...	-975,000	-1,000,000	- -	-65,000	-1,065,000
Subtotal	31,189,500	30,744,750	+226,600(2)	+496,300	31,467,650
Transfer from "Conser- vation reserve pro- gram, Commodity Sta- bilization Service" .	-2,100,000				
Total appropriation .	29,089,500				

a/ Represents obligations. Applied costs for 1959 are \$32,104,019. The difference of \$26,268 reflects, primarily, the excess of equipment costs in 1959 over orders placed in that year.

b/ Includes \$41,747 obligated in 1958 under the advance procurement authorization (P.L. 85-386).

INCREASES

(1) The increase of \$561,300 consists of the following:

(a) An increase of \$505,400 to provide more adequate geographical coverage and loan servicing by the county offices organization - During recent years the Farmers Home Administration has been able to maintain sufficient county offices throughout the country only through the utilization of funds from the Disaster Loan Revolving Fund in connection with making and servicing emergency and special livestock loans. While generally it would be more desirable to handle the added work created by the emergency and special livestock loan activity by temporary employees, this activity has been so great in some recent years that funds from the Disaster Loan Revolving Fund have been utilized to maintain a fairly large number of county offices with permanent employees.

The workload attributable to emergency and special livestock loan activity dropped off very substantially in fiscal year 1959 and the workload estimated for 1960 represents a further reduction. As a result, the allotment of funds from this source has been reduced and it has been necessary in the late months of 1959 and the early months of 1960 to make substantial reductions in the number of permanent employees by reduction-in-force, and otherwise. As a part of these actions, the total number of county unit offices throughout the country has been reduced to the lowest point in the history of the agency. As of August 31, 1959, the Farmers Home Administration was maintaining 1,430 county unit offices, or about 100 less than a year earlier. The number of assistant county supervisor positions was first reduced to a minimum before reducing the number of offices.

Experience has shown, however, that failure to provide adequate geographical coverage in a given area results in denying the services of the Farmers Home Administration to many deserving and eligible farmers. The necessity of traveling large distances in order to contact the nearest county unit office tends to make the services of the Agency unavailable to many farmers. The Farmers Home Administration in the past has attempted to minimize this difficulty through suboffices and part-time offices where regular office hours are maintained on a fixed schedule. This makes it possible for farmers to transact business locally if they are able to visit the office on the office day established. Even in these cases, however, extreme inconveniences are caused by lack of adequate geographical coverage. This is amply illustrated by the frequent need of borrowers to contact the local county supervisor at odd times in order to secure his counter-signature on checks drawn on the joint supervised bank account for emergency expenses. Usually this difficulty is experienced in planting and harvesting seasons when machinery breaks down and emergency repairs are essential. If funds in the joint bank account are required in an emergency, the borrower has no alternative but to locate the county supervisor and secure his counter-signature on the check.

Based on the anticipated workload in 1961, it is estimated that an increase of \$505,400 will reasonably assure that there will be no need to further reduce geographical coverage for county offices in 1961. In fact it is hoped that some improvement in the geographical coverage can be achieved in those areas where experience proves that changes in the county office organization are necessary.

In addition to difficulties caused by the rapid change in the emergency and special livestock loan activity, the Farmers Home Administration is confronted with the added costs involved in reclassifying about 1,450 county office clerk positions from Grade GS-3 to Grade GS-4.

For several years the Civil Service Commission, through its field inspection program, has questioned the grade level of county office clerk positions which have been uniformly classified in Grade GS-3 for a number of years. By 1957, Grade GS-4 certification action was taken on audited positions by one of the Commission's regional offices, under Sections 502 and 503 of the Classification Act of 1949, as amended. This mandatory action had nationwide implications throughout the FHA county office organization and the Department requested suspension of the certificates until the problem could be resolved through negotiation with the central office of the Commission. The Commission agreed to suspend corrective action temporarily with the understanding that a specifically applicable standard would be developed to govern the classification of these positions in all county offices. After extended negotiations between the Commission and the Department, final determination was made by the Commission in August 1959 that the appropriate basic grade level for county office clerk positions under the standard was GS-4. Grade changes to comply with this determination on positions to which the standard applies are required to be made on or about July 1, 1960.

As previously indicated, it has been necessary for the Farmers Home Administration to make a large reduction in staff at all levels of operation because of reduced emergency and special livestock loan activity and because of a reduction in the appropriation for 1960 below the Budget Estimate. Reduction-in-force actions were issued to over 200 employees. Actual full-time employment between July 1, 1958 and July 31, 1959 has been reduced by 379, or about 7 percent. An additional reduction of approximately 200 employees was made by October 15, 1959. Because of this large cut, it is not feasible to make further reductions in personnel to provide the funds required to reclassify the county office clerk positions during 1960. The cost of converting most of the approximately 1,450 positions from Grade GS-3 to Grade GS-4 in 1961 will be about \$140,000.

(b) An increase of \$65,000 by transfer of funds from the Farm Tenant Mortgage Insurance Administrative Fund - In 1960, \$1,000,000 is available for transfer to the appropriation for Salaries and expenses from the Farm Tenant-Mortgage Insurance Administrative Fund. Estimates of receipts in 1960 from insurance charges and appraisal fees indicate that about \$1,065,000 will be available for administrative expenses in 1961. It is proposed to transfer this amount to service the loans outstanding in that year and to make new insured loans. The appropriation language provides for the possible transfer of \$1,100,000 in case additional activity beyond that estimated materializes and additional funds are available for transfer.

(c) A decrease of \$9,100 due to providing a direct appropriation to General Services Administration for certain leasing costs previously paid from this appropriation - This decrease of \$9,100 represents the cost of leasing functions which will be assumed by the General Services Administration in 1961.

(2) An increase of \$226,600 is required to meet employee health benefit costs under Public Law 86-382, applicable to the base for 1961. A full explanation of

the health benefit cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For making, servicing, and collecting loans and insured mortgages * * * together with a transfer of not to exceed [\$1,000,000] \$1,100,000 of the fees and administrative expense charges made available by subsections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1005 (b)), and section 10 (c) of the Act of August 28, 1937, as amended.

The change in language is required to increase the amount authorized to be transferred to this appropriation from the Farm Tenant-Mortgage Insurance Administrative Fund from \$1,000,000 to \$1,100,000, as explained in the justifications above under item (1) (b).

STATUS OF PROGRAM

Direct and Insured Farm Ownership Loans

A total of \$29,000,000 was authorized in 1959 for direct farm ownership loans. Of the total amount authorized, \$2,500,000 was allocated exclusively for loans on reclamation projects and to entrymen on unpatented public lands. The remaining \$26,500,000 was made available among the States and Territories in accordance with the statutory formula for the distribution of funds based on farm population and prevalence of tenancy.

Included in the total borrowing authorization was a contingency authorization of \$5,000,000. This amount was contained in a total contingency borrowing authorization of \$20,000,000 for farm operating and farm ownership loans of which not to exceed \$5,000,000 could be used for farm ownership loans.

The Appropriation Act for 1960 provides for borrowing \$24,000,000 from the Secretary of the Treasury for direct farm ownership loans. In addition, the Act further provides a contingency borrowing authorization of \$20,000,000 of which not to exceed \$5,000,000 may be used for direct farm ownership loans. Not more than \$2,500,000 of the total available is authorized to be distributed to States and Territories without regard to farm population and prevalence of tenancy for loans on reclamation projects and to entrymen on unpatented public land.

The marked increase in interest rates generally made it extremely difficult to secure the participation of private lenders in the insured loan programs during 1959. At the beginning of the year the interest return to the lender was $3\frac{1}{2}$ percent. In December 1958, in order to increase the participation of private lenders, the interest return was raised to 4 percent. Including the insurance charge retained by the Government, the interest charge to the borrower was thus raised from $4\frac{1}{2}$ to 5 percent. Considering the interest rate difficulty, the amount of \$35,733,594 in insured loans approved in 1959 is considered to be a high volume. Assuming that interest returns on competing types of investment will continue to be equally attractive to investors in 1960, the estimated volume of farm ownership insured loans is expected to be \$12,000,000, or about 66 percent less than in 1959.

The interest rate on direct farm ownership loans was raised from $4\frac{1}{2}$ to 5 percent for all loans approved on and after September 1, 1959. This change to the statutory maximum rate brings the direct loan rate in line with the 5 percent charge for insured loans and somewhat more in line with the rate being paid for farm mortgage credit from other lending sources.

1. Use of Loan Funds: The provision included under Public Law 878, approved August 1, 1956, which authorized the making of loans primarily for refinancing has been used less extensively than originally anticipated, although the authority has been most helpful in assisting owners to retain their farms. About \$13,849,000 in initial and subsequent loans during 1958 and \$15,176,000 in 1959 was loaned for this purpose. This is about 28 percent and 23 percent respectively of the total dollar

volume of direct and insured loans in these years. The authority expired on June 30, 1959. However, the Congress subsequently extended this authority to June 30, 1961. It is expected that loans primarily for refinancing in 1960 will represent a smaller percentage of the total volume than in 1959.

There was no significant difference in 1959 over 1958 in the comparative use of funds for initial family-type and less than family-type loans.

The following tabulation shows the number and amount of initial loans on family-type farms and less than family-type farms made during 1958, 1959 and estimated for 1960:

Initial Loans on Family-type Farms

Fiscal Year	Direct		Insured		Total	
	Number	Amount	Number	Amount	Number	Amount
1958	1,215	\$18,828,100	1,374	\$20,729,364	2,589	\$39,557,464
1959	1,298	22,845,265	1,744	29,282,520	3,042	52,127,785
1960(Est.)	1,005	17,950,000	485	8,000,000	1,490	25,950,000

Initial Loans on Less Than Family-type Farms

Fiscal Year	Number	Amount	Number	Amount	Number	Amount
1958	287	\$2,629,148	479	\$4,186,727	766	\$6,815,875
1959	355	3,578,195	561	5,330,715	916	8,908,910
1960 (Est.)	325	3,250,000	320	3,000,000	645	6,250,000

Total Family-type and Less Than Family-type Farms

Fiscal
Year

1958

Initial	1,502	\$21,457,248	1,853	\$24,916,091	3,355	\$46,373,339
Subsequent	349	2,358,049	137	921,731	486	3,279,780
Total	1,851	23,815,297	1,990	25,837,822	3,841	49,653,119

1959

Initial	1,653	26,423,460	2,305	34,613,235	3,958	61,036,695
Subsequent	351	2,576,478	143	1,120,359	494	3,696,837
Total	2,004	28,999,938	2,448	35,733,594	4,452	64,733,532

1960(Est.)

Initial	1,330	21,200,000	805	11,000,000	2,135	32,200,000
Subsequent	385	2,800,000	130	1,000,000	515	3,800,000
Total	1,715	24,000,000	935	12,000,000	2,650	36,000,000

2. Applications: A total of 21,961 applications for new farm ownership loans were received in 1959. At the end of the year, 9,249 applications were on hand. About 62 percent of the applications on hand were from individuals who appeared to qualify only for direct loans because of a 90 percent limitation on insured loans. During 1960 the same policy will be followed with respect to veterans' preference as in 1959. Veterans will continue to receive preference as set forth in the statute, but State Offices will not be required to hold up loan making entirely at times during the year anticipating veteran applications and the development of veteran loan dockets.

3. Loans:

A. Direct Loans

Since inception of the program in 1938 to June 30, 1959, approximately 71,140 loans for more than \$554,404,935 have been made. This number and amount does not include non-cash loans previously made in the liquidation of rural rehabilitation project properties which are also included as farm ownership loans on the loan accounts of the Administration. In the 1959 fiscal year, initial loans were made to 1,653 families in the amount of \$26,423,500, including 115 loans in the amount of \$2,411,600 made to settlers on reclamation projects. Subsequent loans to existing borrowers and loan cost items accounted for an additional \$2,576,500.

Direct initial loan activity under the distribution formula and for reclamation projects is shown on the following tables:

Initial Loans Under Distribution Formula

<u>Fiscal Year</u>	<u>Initial Veteran Loans</u>		<u>Percent Loans to Veterans (Number)</u>	<u>Total All Initial Loans</u>	
	<u>Number</u>	<u>Amount</u>		<u>Number</u>	<u>Amount</u>
1947	3,012	\$23,549,776	55	5,489	\$41,682,243
1948	1,448	10,524,445	79	1,829	13,422,448
1949	1,460	10,827,510	78	1,867	13,739,182
1950	1,685	13,374,443	99	1,705	13,534,927
1951	1,734	15,661,003	97	1,793	16,160,877
1952	1,344	13,853,283	98	1,369	14,045,461
1953	1,251	13,668,515	98	1,275	13,865,989
1954	1,274	13,886,375	98	1,305	14,154,715
1955	1,281	14,458,706	98	1,301	14,624,996
1956	1,121	14,498,320	95	1,186	15,241,630
1957	1,683	23,802,452	57	2,937	39,165,879
1958	1,043	15,110,025	76	1,374	19,025,608
1959	1,180	19,219,010	77	1,538	24,011,890

Initial Loans on Reclamation Projects

<u>Fiscal Year</u>	<u>Initial Veteran Loans</u>		<u>Percent Loans to Veterans (Number)</u>	<u>Total All Initial Loans</u>	
	<u>Number</u>	<u>Amount</u>		<u>Number</u>	<u>Amount</u>
1951	150	\$1,692,142	67	223	\$2,556,722
1952	104	1,367,884	64	163	2,117,654
1953	102	1,562,084	71	144	2,167,504
1954	150	2,344,645	76	197	3,060,375
1955	116	1,882,821	76	153	2,422,176
1956	86	1,442,430	86	100	1,650,445
1957	147	2,520,705	80	183	3,093,415
1958	107	2,043,970	84	128	2,431,640
1959	94	1,965,400	82	115	2,411,570

B. Insured Loans:

During 1959, insured loan activity totaled \$35,733,594, not including \$1,381,764 used to refinance existing insured indebtedness when a subsequent loan was being made. Insured farm ownership loans in 1960 are estimated to total no more than \$12,000,000 because of the interest rate outlook discussed previously.

Insured initial loan activity since 1948 through 1959 is shown in the following table:

<u>Fiscal Year</u>	<u>Initial Veteran Loans</u>		<u>Percent Loans to Veterans (Number)</u>	<u>Total All Initial Loans</u>	
	<u>Number</u>	<u>Amount</u>		<u>Number</u>	<u>Amount</u>
1948	58	\$ 357,550	17	338	\$ 2,412,837
1949	316	2,020,910	28	1,149	7,937,240
1950	695	4,917,886	32	2,191	16,579,690
1951	641	4,871,340	30	2,150	17,555,650
1952	238	2,031,770	22	1,097	10,380,285
1953	280	2,837,292	27	1,041	10,505,566
1954	216	2,469,462	24	885	9,648,978
1955	891	10,001,289	31	2,864	31,326,298
1956	848	10,328,874	27	3,097	36,424,445
1957	587	7,607,966	26	2,240	28,026,219
1958	371	5,261,261	20	1,853	24,916,091
1959	588	9,187,925	26	2,305	34,613,235

See Tables I, II, III and IV for loan distribution by States

Total Direct and Insured Initial and Subsequent
Farm Ownership Loans

<u>Fiscal</u> <u>Year</u>	<u>Direct Loans</u>	<u>Insured Loans</u>	<u>Total Loans</u>
1948	\$14,053,888	\$ 2,412,837	\$16,466,725
1949	14,755,529	7,937,240	22,692,769
1950	14,790,348	16,586,860	31,377,208
1951	21,721,296	17,596,050	39,317,346
1952	18,830,327	10,493,008	29,323,335
1953	18,871,453	10,681,721	29,553,174
1954	19,296,484	9,751,541	29,048,025
1955	18,879,019	31,584,829	50,463,848
1956	18,848,747	37,736,174	56,584,920
1957	45,389,586	28,981,263	74,370,849
1958	23,815,297	25,837,822	49,653,119
1959	28,999,938	35,733,594	64,733,532

4. Loan Repayments:

A. Direct Loans

From the inception of the farm ownership program in 1938 through March 31, 1959, a total of 77,699 families had been advanced \$578,622,212 for the purchase, enlargement and development of farms including the refinancing of existing indebtedness (these amounts include noncash loans previously made in the liquidation of rural rehabilitation projects properties which are also included as farm ownership loans on the loan accounts of the Administration, and other noncash loans resulting from the sale to approved applicants of properties received through liquidation of other loans). Principal payments of \$327,360,072 and interest payments of \$108,926,020 had been made. In addition, principal write-offs totaled \$2,519,537 and judgments were \$519,677. A total of 46,824 of the 77,699 families who had received loans had paid their loans in full as of March 31, 1959. Of this number 28,296, or about 60 percent, continued to operate the farms acquired or improved through this program. The remaining 18,528 fully satisfied their accounts but no longer operated the farms.

As of March 31, 1959, cumulative scheduled installments of \$93,990,397 were due from 30,875 individuals with outstanding loan balances, but regular principal and interest payments made on these installments were \$98,399,778, which was 5 percent, or \$4,409,381 more than required on a schedule amortization basis. An additional \$9,214,506 is refunds and extra payments not applied to scheduled installments were credited to these borrowers' accounts. On the same date, 16,309 borrowers were \$9,283,573 ahead of schedule, an average of \$569 each; 9,298 were on schedule; and 5,268 were behind schedule \$4,874,192, an average of \$925.

See Table V for distribution by States

B. Insured Loans

As of March 31, 1959, \$219,334,808 had been advanced under the insured mortgage program to 20,149 farm families for the purchase, enlargement and development of farms including the refinancing of existing indebtedness. Payments by insured loan borrowers totaled \$74,728,006 as of the same date. Of this amount, \$44,073,961 represented principal payments, \$22,929,101 payments on interest, and \$7,724,944 payments to the mortgage insurance fund. As of March 31, 1959, 3,274 borrowers had paid their loans in full. Of those with unpaid balances, 8,607 were ahead of schedule, 6,371 were on schedule, and 1,897 were behind schedule.

See Table VI for distribution by States

5. Progress of Borrowers: Records from 1,613 borrowers with accounts outstanding in 1959 who received loans in 1953 showed gross cash income increasing since the year before acceptance from \$5,441 to \$9,619. Net worth of these borrowers increased from \$9,670 to \$13,237, and value of livestock and equipment increased from \$6,209 to \$8,350.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Farm Ownership Initial Loans: Total Initial Loan Applications and Number of Initial Direct and Insured Loans, 1958 and 1959 Fiscal Years and Cumulative From Inception of Program

State and territory	1958 fiscal year					1959 fiscal year					Direct loans made 1938 through 1959 fiscal years		Insured commitments 1948 through 1959 fiscal years			
	Number of loan applications			Number of direct loans made	Number of insured commitments	Number of loan applications			Number of direct loans made	Number of insured commitments	Number	Average amount \$	Number	Average amount \$		
	On hand beginning of year	Received during year	Total for consideration			On hand beginning of year	Received during year	Total for consideration							On hand end of period	
				1	2				3	4	5	6	7	8		9	10	11	12	13	14	15
U. S. Total.....	17,267	22,533	39,800	1,502	1,853	12,471	21,961	34,432	9,249	1,653	2,305	71,140	\$7,763	21,210	\$11,095	
Alabama.....	693	995	1,618	70	20	446	709	1,155	265	48	52	4,478	5,707	637	7,619	
Alaska.....	2	6	8	2	0	0	4	5	0	0	0	19	18,278	2	20,502	
Arizona.....	10	33	43	0	1	12	26	38	9	2	11	122	13,233	51	18,283	
Arkansas.....	295	920	1,215	70	98	228	895	1,063	139	91	95	3,622	5,441	618	6,259	
California.....	80	150	230	11	8	38	195	233	40	16	12	541	11,610	109	14,904	
Colorado.....	208	230	438	11	20	130	240	370	111	8	20	464	11,759	258	13,856	
Connecticut.....	8	11	19	3	1	3	16	19	4	2	0	51	10,506	12	10,664	
Delaware.....	22	13	35	4	0	18	28	46	6	5	0	96	8,084	12	10,274	
Florida.....	169	269	438	22	32	143	250	393	68	21	40	669	7,080	332	9,325	
Georgia.....	1,218	1,119	2,337	89	63	851	983	1,834	393	116	60	5,559	5,618	991	8,663	
Idaho.....	349	333	682	66	8	181	256	437	116	59	19	1,062	13,132	245	12,499	
Illinois.....	213	350	563	28	35	144	325	469	90	30	29	1,214	10,362	273	12,732	
Indiana.....	389	529	918	25	48	345	473	818	205	25	41	1,062	10,908	403	14,908	
Iowa.....	502	494	996	32	41	334	423	757	197	35	56	1,533	11,409	609	14,833	
Kansas.....	419	397	816	25	41	189	450	639	229	25	33	1,368	10,634	631	12,945	
Kentucky.....	599	792	1,391	47	25	556	680	1,236	464	43	49	1,426	9,113	323	12,068	
Louisiana.....	136	403	539	70	45	276	428	704	192	72	63	2,108	6,924	437	8,097	
Maine.....	95	325	420	14	64	110	296	406	61	13	71	251	8,735	492	9,517	
Maryland.....	96	116	212	12	4	93	79	172	40	7	5	384	8,849	95	9,898	
Massachusetts.....	10	43	53	1	0	12	26	38	3	4	1	105	9,233	16	10,435	
Michigan.....	212	340	552	15	28	189	461	650	148	19	57	1,004	7,641	664	12,330	
Minnesota.....	388	757	1,145	33	42	271	620	891	221	43	49	2,604	6,599	632	9,050	
Mississippi.....	978	1,223	2,201	91	128	659	948	1,607	406	102	81	5,040	6,589	1,134	6,535	
Missouri.....	1,268	1,670	2,938	96	102	951	1,426	2,377	742	95	111	3,290	8,073	1,419	10,352	
Montana.....	182	216	398	12	56	113	219	332	75	22	36	485	9,590	239	14,541	
Nebraska.....	435	322	757	20	11	318	430	718	354	23	43	1,059	11,676	321	13,414	
Nevada.....	5	24	29	0	3	5	19	24	15	0	3	13	12,218	15	13,218	
New Hampshire.....	21	48	69	7	0	15	45	60	12	3	2	69	9,418	19	10,162	
New Jersey.....	54	95	149	11	22	35	123	158	25	12	25	299	10,394	192	10,866	
New Mexico.....	41	147	188	2	21	28	157	185	45	1	24	281	12,037	234	16,161	
New York.....	208	323	531	16	17	162	445	607	133	25	40	786	7,433	309	9,400	
North Carolina.....	937	1,399	2,336	76	77	702	1,209	1,911	521	84	55	4,091	6,542	960	9,278	
North Dakota.....	1,224	906	2,130	47	155	664	951	1,515	486	67	180	951	11,360	1,203	15,918	
Ohio.....	303	555	858	21	25	232	569	821	207	21	29	1,262	2,342	291	12,500	
Oklahoma.....	550	634	1,184	30	70	441	650	1,091	278	15	100	3,318	6,918	704	11,124	
Oregon.....	95	154	249	14	13	81	166	247	65	17	44	579	9,449	190	14,530	
Pennsylvania.....	294	467	761	16	41	246	623	869	221	40	69	1,110	7,548	594	9,687	
Rhode Island.....	4	4	6	0	0	1	7	8	0	0	0	5	8,514	0	9,014	
South Carolina.....	274	423	697	52	12	205	340	545	132	48	23	2,811	5,616	410	7,851	
South Dakota.....	498	280	778	19	67	258	486	744	237	25	98	951	11,206	546	16,203	
Tennessee.....	793	1,081	1,874	91	81	598	881	1,479	406	70	71	2,607	7,181	704	9,606	
Texas.....	759	807	1,566	48	28	627	985	1,612	618	62	61	5,325	8,784	793	11,589	
Utah.....	168	173	341	12	24	111	192	303	81	19	26	444	12,189	156	14,455	
Vermont.....	35	136	173	9	1	49	139	188	43	10	2	212	8,266	44	8,964	
Virginia.....	277	478	755	24	24	167	417	584	154	12	28	1,248	7,471	341	12,457	
Washington.....	302	654	956	74	96	266	728	994	192	106	147	916	14,341	505	14,790	
West Virginia.....	134	413	547	9	23	140	359	499	98	10	14	720	6,369	242	10,018	
Wisconsin.....	489	893	1,382	33	74	442	1,101	1,543	352	57	154	2,085	6,806	1,457	10,422	
Wyoming.....	73	102	175	13	12	46	112	158	43	17	19	374	11,539	112	17,636	
Hawaii.....	119	28	147	6	0	25	23	48	17	4	0	307	7,829	96	11,070	
Puerto Rico.....	310	310	620	3	46	270	499	769	290	2	57	808	5,712	138	10,956	
Virgin Islands.....	28	11	39	0	0	24	9	33	9	0	0	15	10,451	0	0	

Note: This table includes loans for the purchase, enlargement, development or improvement of farms and loans primarily for refinancing purposes from Federal funds and such loans advanced by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.



UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II - Farm Ownership Initial Loans: Initial Loan Applications From Veterans Only, Number of Initial Direct and Insured Loans and Average Amount, 1958 and 1959 Fiscal Years and Cumulative From 1945

State and territory	1958 fiscal year						1959 fiscal year						Direct loans made 1945 through 1959 fiscal years						Insured commitments 1948 through 1959 fiscal years		
	Number of loan applications			Direct loans made			Number of loan applications			Direct loans made			Insured commitments			Number			Average amount		
	On hand beginning of year	Received during year	Total for consideration	Number	Average amount	Insured commitments	On hand beginning of year	Received during year	Total for consideration	On hand end of period	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	
U. S. Total.....	7,743	10,807	18,550	1,150	\$14,917	371	\$14,181	5,776	10,125	15,901	4,215	\$12,744	\$16,628	588	\$15,626	22,550	\$10,950	5,729	\$11,065	18	7,537
Alabama.....	291	403	694	47	9,375	2	6,775	162	300	462	97	24	10,879	19	8,818	1,045	8,411	182	7,537	0	0
Alaska.....	1	1	2	1	22,410	0	0	1	3	4	1	0	0	0	0	0	17	18,099	21	19,551	
Arizona.....	3	13	16	0	0	0	0	7	10	17	2	2	20,000	4	21,375	79	15,125	0	0	0	0
Arkansas.....	151	414	565	53	7,292	18	3,601	109	371	480	63	62	20,000	12	6,401	1,086	6,670	127	5,696	0	0
California.....	27	48	75	4	18,092	3	16,733	11	80	91	18	11	24,885	3	15,950	13,909	13,909	36	14,750	0	0
Colorado.....	101	137	238	5	26,190	8	11,945	79	140	219	59	4	23,150	11	24,084	164	14,180	70	14,242	0	0
Connecticut.....	4	5	9	3	17,067	0	0	1	7	8	0	1	17,000	0	0	25	11,643	1	9,625	0	0
Delaware.....	9	1	10	0	0	0	0	66	112	178	2	21	11,846	9	11,992	331	9,368	121	9,296	0	0
Florida.....	84	467	953	62	12,130	12	10,048	369	410	739	191	80	11,768	5	14,004	1,147	9,063	300	7,717	0	0
Georgia.....	178	245	423	65	19,051	0	0	106	168	274	70	58	19,622	5	11,582	749	14,997	54	12,600	0	0
Idaho.....	92	164	256	19	16,728	4	16,116	75	173	248	55	19	16,886	12	17,140	312	12,187	66	13,828	0	0
Illinois.....	207	238	445	21	16,338	10	19,424	164	205	369	96	16	20,204	4	19,658	320	13,213	67	15,993	0	0
Indiana.....	239	259	498	29	21,124	7	18,480	170	222	392	99	33	22,954	16	20,154	499	15,645	125	16,381	0	0
Iowa.....	207	203	410	18	18,173	8	13,451	108	228	336	120	24	17,492	6	20,725	531	12,868	112	14,424	0	0
Kansas.....	320	442	762	41	17,125	6	13,892	293	336	629	220	35	17,153	6	12,607	393	13,133	66	12,212	0	0
Kentucky.....	205	179	384	33	9,635	9	7,200	116	191	307	93	46	8,814	20	5,894	502	9,172	123	7,721	0	0
Louisiana.....	32	142	174	12	15,046	14	13,584	52	113	165	21	13	12,472	31	12,680	195	9,306	200	9,592	0	0
Maine.....	20	45	65	8	17,364	0	0	24	20	44	10	0	17,602	1	13,230	151	10,426	12	10,123	0	0
Maryland.....	3	20	23	1	25,000	0	0	5	5	10	0	0	0	0	0	64	10,022	5	11,056	0	0
Massachusetts.....	84	172	256	14	15,894	9	17,928	90	209	299	62	19	16,584	16	17,188	302	11,808	245	12,183	0	0
Michigan.....	165	368	533	32	12,735	3	16,267	138	305	443	113	43	14,197	7	9,913	910	9,144	133	9,013	0	0
Minnesota.....	381	538	919	68	9,727	29	6,678	391	672	1,070	154	55	11,434	25	5,873	1,424	8,278	367	6,116	0	0
Mississippi.....	672	1,062	1,734	96	15,611	19	17,410	546	661	1,407	438	95	17,835	27	17,330	1,452	10,681	384	10,751	0	0
Missouri.....	81	92	173	12	14,564	13	20,242	49	104	153	39	20	17,725	7	15,783	206	13,595	60	15,587	0	0
Montana.....	241	181	422	19	16,396	2	13,075	177	243	420	198	23	20,127	13	22,058	379	14,487	69	14,383	0	0
Nebraska.....	1	12	13	0	0	0	0	4	10	14	2	2	17,400	35	11,940	35	11,940	6	8,745	0	0
Nevada.....	7	17	24	0	0	0	0	5	3	7	3	2	15,500	0	0	32	10,895	1	8,745	0	0
New Hampshire.....	11	31	42	6	15,467	0	0	9	28	37	2	7	14,357	3	11,100	211	11,002	48	11,170	0	0
New Jersey.....	19	62	81	1	22,620	9	18,798	15	82	97	27	1	18,200	12	15,526	169	13,488	86	16,649	0	0
New Mexico.....	83	132	215	10	12,361	5	9,270	62	181	243	51	22	13,909	4	14,545	368	8,793	80	8,546	0	0
New York.....	434	609	1,043	59	14,564	16	12,762	320	524	844	242	57	18,327	14	16,414	1,162	10,059	254	8,545	0	0
North Carolina.....	408	365	773	47	19,064	20	17,604	257	341	598	198	67	22,239	35	19,669	464	15,064	292	16,243	0	0
North Dakota.....	141	292	433	21	18,726	7	20,719	118	304	422	100	21	20,689	5	25,508	396	12,062	65	11,872	0	0
Ohio.....	248	276	524	30	12,569	12	17,503	188	270	458	114	15	18,761	18	14,304	910	9,570	157	11,505	0	0
Oklahoma.....	37	66	103	12	16,507	1	20,000	28	61	89	18	17	16,441	10	17,378	194	14,403	32	14,376	0	0
Oregon.....	116	204	320	7	16,726	11	11,191	96	251	347	80	31	14,959	18	13,522	473	9,105	176	9,003	0	0
Pennsylvania.....	0	3	3	0	0	0	0	1	6	7	0	0	0	0	0	1	10,900	0	0	0	0
Rhode Island.....	129	185	314	30	12,427	1	25,000	95	128	223	35	27	14,974	5	9,340	359	16,053	96	7,331	0	0
South Carolina.....	234	165	399	16	20,809	17	21,645	128	252	380	119	25	24,591	38	21,836	329	16,053	187	17,184	0	0
South Dakota.....	328	461	789	56	13,031	19	11,477	237	351	588	143	30	14,141	19	12,076	697	9,795	146	9,556	0	0
Tennessee.....	398	415	813	33	18,428	8	16,990	316	480	796	275	42	18,864	20	17,664	1,415	11,694	270	11,460	0	0
Texas.....	60	106	166	12	17,056	5	11,930	62	94	156	38	19	18,828	6	19,043	353	13,126	42	14,196	0	0
Utah.....	17	59	76	5	14,056	0	0	24	65	89	18	6	14,100	1	13,150	125	8,959	2	9,805	0	0
Vermont.....	129	216	345	20	18,664	6	18,503	87	175	263	65	11	19,916	7	18,561	299	12,746	117	12,601	0	0
Virginia.....	328	461	789	56	13,031	19	11,477	237	351	588	143	30	14,141	19	12,076	697	9,795	146	9,556	0	0
Tennessee.....	398	415	813	33	18,428	8	16,990	316	480	796	275	42	18,864	20	17,664	1,415	11,694	270	11,460	0	0
Utah.....	60	106	166	12	17,056	5	11,930	62	94	156	38	19	18,828	6	19,043	353	13,126	42	14,196	0	0
Vermont.....	17	59	76	5	14,056	0	0	24	65	89	18	6	14,100	1	13,150	125	8,959	2	9,805	0	0
Virginia.....	129	216	345	20	18,664	6	18,503	87	175	263	65	11	19,916	7	18,561	299	12,746	117	12,601	0	0
Washington.....	141	314	455	54	19,714	18	16,416	122	369	491	95	84	21,778	34	18,555	530	17,088	128	15,263	0	0
West Virginia.....	61	222	283	9	11,776	7	11,297	77	189	266	46	9	15,689	9	15,689	239	9,164	70	9,734	0	0
Wisconsin.....	221	431	652	27	15,426	24	15,299	200	475	675	140	53	15,028	48	14,115	637	11,180	441	10,433	0	0
Wyoming.....	38	52	90	10	18,690	1	17,500	30	70	100	30	15	24,332	10	22,042	235	14,197	40	17,872	0	0
Hawaii.....	34	11	45	2	11,915	0	0	6	9	15	5	2	14,500	0	0	67	11,906	14	10,028	0	0
Puerto Rico.....	152	110	262	2	14,695	0	0	113	174	287	115	2	36,850	14	14,374	108	8,752	32	11,610	0	0
Virgin Islands.....	12	7	19	0	0	0	0	12	2	14	2	0	0	0	0	4	9,074	0	0	0	0

Note: This table includes loans for the purchase, enlargement, development or improvement of farms and loans primarily for refinancing purposes from Federal funds and such loans advanced by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.

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Table III - Farm Ownership Direct Loans: Use of Funds - Number of Direct Loan Borrowers and Amount Loaned, Including Estimated Amount Furnished by the Borrower, 1959 Fiscal Year

State and territory	Loans to new borrowers														
	Number	Amount of funds			Average amount of loan	Use of funds					Number of loans to indebted borrowers	Amount of loans to indebted borrowers and costs 1/	Total amount of loans		
		Loans	Furnished by borrower	Total		Purchase of farm and incidental costs	Land improvement	Buildings, other than dwellings						Refinancing	
								6	7	8				9	10
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
U. S. Total:															
Percent distribution.....	1,653	\$26,423,460	\$1,508,926	\$27,932,386	100.0%	\$13,951,515	\$1,446,572	\$2,456,584	\$7,115,122	\$1,081,699	351	\$2,576,478	\$28,999,938		
Amount.....															
Alabama.....	48	514,990	29,098	544,088	10,729	270,222	8,009	14,435	87,740	153,688	19	93,691	608,681		
Alaska.....	0	0	0	0	0	0	0	0	0	0	2	14,428	14,428		
Arizona.....	2	40,000	7,300	47,300	20,000	27,915	2,800	2,160	0	5,500	1	3,846	43,846		
Arkansas.....	91	735,010	46,141	781,151	8,077	246,625	27,380	55,915	70,430	354,208	17	80,694	815,044		
California.....	16	393,270	19,273	412,543	24,579	146,755	27,175	49,260	12,700	161,550	5	45,567	438,837		
Colorado.....	8	180,930	7,590	188,520	22,616	139,325	2,406	5,449	6,540	34,300	0	8,663	189,593		
Connecticut.....	2	38,500	8,000	46,500	19,250	17,600	0	7,500	0	23,400	0	0	38,500		
Delaware.....	5	92,170	250	92,420	18,434	15,660	1,400	7,695	3,110	50,075	0	0	92,170		
Florida.....	21	248,760	8,990	257,750	11,846	146,225	3,550	8,350	45,820	50,605	2	6,973	255,733		
Georgia.....	116	1,357,995	42,365	1,400,360	11,707	408,278	47,350	70,180	122,060	651,724	20	118,159	1,476,184		
Illinois.....	59	1,150,905	14,930	1,165,835	19,507	76,452	147,699	175,091	574,385	91,922	8	72,234	1,223,139		
Indiana.....	30	513,480	120,989	634,469	17,116	396,932	49,429	25,534	7,406	141,358	4	36,037	549,517		
Mississippi.....	102	1,694,285	33,822	1,728,107	10,799	552,841	67,769	45,560	140,633	316,464	3	13,381	1,855,799		
Iowa.....	35	811,470	124,060	935,530	23,185	672,104	19,513	40,160	16,649	120,924	9	98,298	909,768		
Kansas.....	25	439,030	13,325	452,355	17,561	263,022	9,053	18,720	21,495	123,683	8	69,773	528,803		
Kentucky.....	43	718,820	53,768	772,608	16,717	340,319	32,763	58,223	47,980	280,827	7	45,802	764,622		
Louisiana.....	72	668,540	15,180	683,720	9,285	229,310	44,490	30,875	75,724	288,763	11	56,643	725,183		
Maine.....	13	162,140	1,400	163,540	12,472	41,985	1,500	12,620	1,845	82,510	4	36,328	198,468		
Maryland.....	7	123,110	9,125	132,235	17,587	68,650	4,975	16,795	6,610	27,515	0	133	123,243		
Massachusetts.....	4	42,800	2,525	45,325	10,700	14,539	0	1,887	0	22,619	5,362	305	43,109		
Michigan.....	19	315,090	7,510	322,600	16,584	192,511	700	29,419	13,306	79,864	4	20,745	335,835		
Minnesota.....	43	610,485	36,419	646,904	14,197	288,548	10,275	79,465	42,158	198,359	9	39,931	650,115		
Missouri.....	95	1,694,285	202,469	1,896,754	17,835	1,311,008	73,530	101,023	46,147	354,576	17	161,514	1,855,799		
Montana.....	22	384,795	85,871	470,666	17,491	323,973	20,850	7,344	6,264	99,164	3	34,197	418,992		
Nebraska.....	23	462,930	43,190	506,120	20,127	408,819	283	18,230	4,563	57,525	6	57,930	520,860		
Nevada.....	0	0	0	0	0	0	0	0	0	0	1	3,676	3,676		
New Hampshire.....	3	43,500	0	43,500	14,500	28,660	750	750	900	6,373	0	1,571	45,071		
New Jersey.....	12	167,830	5,800	173,630	13,986	22,080	1,500	20,100	1,600	81,455	1	13,503	181,333		
New Mexico.....	1	18,200	3,880	22,080	18,200	0	0	0	0	0	0	3,417	21,617		
New York.....	25	353,290	10,300	363,590	14,132	167,044	15,573	30,515	5,224	124,972	4	24,220	377,510		
North Carolina.....	64	1,472,755	79,053	1,551,808	17,513	709,278	94,411	86,070	113,193	495,503	17	135,969	1,608,724		
North Dakota.....	87	1,490,000	84,520	1,574,520	22,239	1,204,767	11,870	115,614	108,539	110,094	7	51,680	1,541,680		
Ohio.....	21	434,460	55,877	490,337	20,689	333,766	6,530	41,841	10,160	85,072	7	80,698	515,358		
Oklahoma.....	15	281,710	12,799	294,509	18,781	240,530	6,584	7,640	15,250	24,505	11	69,061	350,771		
Oregon.....	17	279,505	5,500	285,005	16,441	56,962	17,695	8,611	17,350	175,235	3	24,466	303,971		
Pennsylvania.....	40	580,630	8,795	589,425	14,516	298,877	21,659	49,832	16,383	172,594	3	29,950	610,580		
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	0		
South Carolina.....	48	681,575	45,435	727,010	14,199	375,235	23,362	21,346	63,067	223,746	6	52,840	734,115		
South Dakota.....	25	614,770	32,235	647,005	24,591	422,567	3,737	34,792	36,761	138,898	13	119,071	733,841		
Tennessee.....	70	1,017,700	37,059	1,054,759	14,539	699,652	60,156	45,650	70,167	211,149	5	25,659	1,043,359		
Texas.....	62	1,168,920	33,595	1,202,515	18,854	893,383	27,337	29,206	93,082	159,487	0	126,215	1,293,235		
Utah.....	19	357,740	2,215	359,955	18,888	185,698	9,060	39,217	28,910	82,720	9	91,219	448,959		
Vermont.....	10	138,330	1,000	139,330	13,833	48,456	7,055	19,730	4,480	54,764	2	15,721	154,051		
Virginia.....	12	243,580	6,860	250,440	20,298	151,891	7,865	10,098	18,207	50,809	5	51,839	295,419		
Washington.....	106	2,290,450	50,070	2,340,520	21,608	366,487	465,470	269,455	416,260	641,345	15	109,667	2,400,117		
West Virginia.....	10	148,300	2,970	151,270	14,830	92,241	6,664	12,767	10,874	20,240	2	10,241	158,541		
Wisconsin.....	57	861,210	43,532	904,742	15,109	579,203	17,615	87,763	22,109	191,787	7	57,161	918,371		
Wyoming.....	17	400,980	15,410	416,390	23,587	254,520	11,260	11,082	20,891	99,082	6	55,337	456,317		
Hawaii.....	4	58,000	17,810	75,810	14,500	64,710	0	1,650	7,450	2,000	0	12,640	70,640		
Puerto Rico.....	2	50,350	0	50,350	25,175	28,170	6,500	8,500	8,500	0	0	5,577	55,927		
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0		

1/ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. Loan costs appear opposite 5 states and Puerto Rico reporting no number of loans.

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Table IV - Farm Ownership Insured Loans: Use of Funds - Number of Insured Loan Borrowers and Amount Loaned, Including Estimated Amount Furnished by the Borrower, 1959 Fiscal Year

State and territory	Loans to new borrowers															Loans to indebted borrowers			Total amount of loans
	Number	Amount of funds			Average amount of loan	Use of funds				Refinancing		Number	Amount						
		Loans	Furnished by borrower	Total		Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings	Dwellings, new and repair	Real estate	Chattels and unsecured								
1	2	3	4	5	6	7	8	9	10	11	12	13	14						
U. S. Total:																			
Percent distribution.																			
Amount.....	2,305	\$34,613,235	\$2,577,478	\$37,190,713	100.0%	\$15,017	\$12,879	\$2,207,860	\$1,906,169	\$34,58	\$2,631,796	143	\$1,120,359	\$35,733,594					
Alabama.....	52	431,570	14,304	445,874	8,299	155,370	18,802	15,166	52,833	172,571	31,132	3	12,734	444,304					
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
Arizona.....	11	227,550	13,035	240,585	20,686	41,646	31,580	370	15,850	144,549	6,590	1	5,928	233,478					
Arkansas.....	95	602,160	48,714	650,874	6,339	183,719	24,338	24,338	57,375	323,805	28,047	4	26,977	629,137					
California.....	12	280,900	6,090	286,990	23,408	49,350	46,110	20,045	7,345	141,879	22,261	0	0	280,900					
Colorado.....	20	444,720	37,392	482,112	22,236	251,626	11,575	23,175	3,916	178,870	12,950	1	11,200	455,920					
Connecticut.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
Delaware.....	40	404,310	9,705	414,015	10,108	117,628	8,210	7,700	30,570	215,403	34,504	0	0	0					
Florida.....	60	652,800	38,477	691,277	10,880	116,049	35,956	36,920	33,790	417,082	51,480	2	9,330	413,640					
Georgia.....	19	293,780	7,617	301,397	15,462	37,784	13,140	18,225	29,160	191,608	11,480	0	0	293,780					
Idaho.....	29	478,090	98,462	576,552	16,486	277,836	33,504	25,562	12,126	201,610	25,914	1	14,500	492,590					
Illinois.....	41	704,650	32,185	736,835	17,487	135,621	17,504	55,576	13,485	360,259	154,300	2	8,370	713,020					
Indiana.....	56	1,189,990	174,327	1,364,317	21,250	594,879	26,411	76,111	83,184	511,707	72,025	4	28,045	1,218,035					
Iowa.....	33	645,230	79,086	724,316	19,554	431,508	20,638	21,383	11,391	209,163	30,283	9	92,275	137,555					
Kansas.....	49	656,250	34,330	690,580	13,393	221,053	46,390	62,602	37,995	283,325	39,215	4	41,590	697,830					
Kentucky.....	63	408,850	8,935	417,785	6,490	55,902	23,286	16,023	39,865	255,175	27,534	5	21,760	430,610					
Louisiana.....	71	882,160	52,370	934,530	12,413	321,316	400	67,560	15,205	384,052	125,977	4	23,514	885,674					
Maine.....	5	60,275	1,340	61,615	12,055	10,224	0	4,500	850	19,525	17,426	0	0	60,275					
Maryland.....	1	9,000	0	9,000	9,000	100	0	0	0	3,550	0	0	0	9,000					
Massachusetts.....	57	1,037,330	81,587	1,118,917	18,199	444,691	43,073	89,161	47,329	424,074	70,589	3	23,515	1,060,845					
Michigan.....	49	567,565	29,025	596,590	11,583	196,025	6,395	44,622	27,506	273,593	48,459	1	2,300	569,865					
Minnesota.....	81	609,330	11,467	620,797	7,523	146,750	41,212	32,728	49,272	334,415	16,420	3	15,552	624,882					
Mississippi.....	111	1,774,850	183,912	1,958,762	15,590	1,369,944	71,095	56,650	56,942	336,705	67,496	5	38,990	1,813,840					
Missouri.....	36	635,380	48,115	683,495	17,649	261,475	33,960	13,350	14,800	301,899	59,011	0	0	635,380					
Montana.....	43	794,780	57,318	852,098	18,483	416,135	17,404	22,160	15,850	310,876	69,673	3	25,670	820,450					
Nebraska.....	3	39,800	2,880	42,680	13,267	32,010	600	4,600	39,350	5,120	0	0	0	39,800					
Nevada.....	2	18,950	0	18,950	9,475	3,200	400	5,250	0	10,100	0	0	0	18,950					
New Hampshire.....	25	310,780	12,925	323,705	12,431	100,760	30,544	36,871	2,560	144,634	38,880	0	0	310,780					
New Jersey.....	24	477,080	57,685	534,765	19,378	246,015	30,544	1,400	30,656	187,715	38,435	3	25,835	502,915					
New Mexico.....	40	537,060	53,081	590,141	13,426	252,212	16,123	52,399	4,319	214,809	50,279	3	18,925	555,985					
New York.....	55	753,310	20,195	773,505	13,697	308,122	35,517	50,172	75,767	241,797	62,130	9	79,518	832,828					
North Carolina.....	180	3,528,610	274,940	3,803,550	19,603	2,388,797	21,935	266,837	304,243	684,201	137,537	13	106,465	3,635,075					
North Dakota.....	29	610,690	95,345	706,035	21,058	497,792	6,780	46,346	21,652	115,390	18,075	2	20,978	631,668					
Ohio.....	100	1,243,665	73,978	1,317,643	12,437	594,030	22,740	54,312	127,452	434,034	85,075	2	10,020	1,253,665					
Oklahoma.....	44	871,750	15,695	887,445	19,812	83,106	37,475	26,854	41,153	642,006	56,851	0	0	871,750					
Oregon.....	69	958,725	49,710	1,008,435	13,895	406,291	36,858	118,884	30,542	298,245	117,615	4	29,159	987,884					
Pennsylvania.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
Rhode Island.....	23	251,240	8,959	260,199	10,223	72,512	8,050	6,190	13,412	138,452	21,583	8	9,830	261,070					
South Carolina.....	98	2,081,025	247,144	2,328,169	20,235	1,422,818	18,932	173,636	108,947	550,480	53,356	8	71,330	2,152,355					
Tennessee.....	71	993,760	45,245	1,039,005	12,729	369,320	70,600	58,590	60,270	345,110	45,115	5	30,790	934,550					
Texas.....	61	1,165,650	108,724	1,274,374	19,112	933,432	30,485	74,482	95,853	187,412	62,130	9	25,789	1,291,639					
Utah.....	26	443,000	8,505	451,505	17,038	197,660	8,365	29,985	6,777	191,315	17,403	3	22,135	465,135					
Vermont.....	2	23,500	2,550	26,050	11,750	16,205	250	0	0	0	0	0	0	23,500					
Virginia.....	28	474,500	37,545	512,045	16,946	260,087	32,945	58,920	13,835	106,594	39,664	8	86,763	561,263					
Washington.....	147	2,509,650	94,917	2,604,567	17,072	485,546	105,134	141,751	61,965	1,157,032	653,139	5	31,535	2,541,195					
West Virginia.....	14	196,190	13,190	209,380	14,014	114,793	11,152	26,265	4,203	45,797	7,710	5	60,996	257,186					
Wisconsin.....	154	2,281,980	210,052	2,492,032	14,818	1,328,987	40,805	198,304	53,474	816,543	53,919	11	68,631	2,350,611					
Wyoming.....	19	380,480	46,330	426,810	20,025	297,902	1,050	8,145	9,080	79,885	30,748	0	0	380,480					
Hawaii.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
Puerto Rico.....	57	780,070	30,090	810,160	13,685	170,821	90,985	55,300	182,350	227,758	82,946	0	0	780,070					
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0					

UNITED STATES DEPARTMENT OF AGRICULTURE
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Table V - Farm Ownership: Direct Loans - Number of Borrowers, Amount Loaned and Payments, Cumulative Through March 31, 1959

State and territory	Total number of borrowers	Borrowers paid in full or otherwise satisfied					Borrowers with unpaid balance as of March 31, 1959					
		Number	Payments		Principal write-offs and judgments 1/	Number	Scheduled installments (principal and interest)	Total	Regular and advance payments made on scheduled installments		Extra payments and refunds	
			Principal	Interest					Amount	As percent of schedule		
1	2	3	4	5	6	7	8	9	10	11	12	
U. S. Total.....	77,699	\$578,622,212	46,824	\$275,905,359	\$52,766,449	\$3,039,214	30,875	\$93,990,397	\$107,614,284	\$98,399,778	105	\$9,214,506
Alabama.....	5,212	27,862,033	3,393	14,758,980	2,841,246	60,745	1,819	4,446,043	5,314,352	4,669,494	105	614,858
Alaska.....	18	340,288	1	17,184	5,736	0	17	50,293	55,905	44,905	89	11,000
Arizona.....	144	1,939,552	89	1,032,988	195,428	36,462	55	239,085	264,061	228,690	96	35,371
Arkansas.....	4,495	22,973,137	2,778	12,020,347	2,471,941	450,651	1,707	4,322,310	4,964,135	4,534,498	105	429,637
California.....	552	6,256,350	338	3,239,215	605,638	11,359	214	780,251	886,095	787,028	101	99,067
Colorado.....	590	6,220,073	391	3,404,473	572,875	12,783	199	908,045	841,063	770,433	85	70,630
Connecticut.....	52	522,667	28	265,640	51,330	11,792	24	89,537	103,074	87,197	97	15,877
Delaware.....	98	790,717	65	418,338	78,755	8,220	33	89,732	117,198	87,107	97	30,091
Florida.....	812	5,325,775	467	2,342,360	423,250	31,428	345	887,855	1,042,932	890,803	96	152,129
Georgia.....	6,107	32,770,007	4,178	17,402,547	3,431,430	116,836	1,969	4,761,152	5,913,467	4,870,203	102	1,048,264
Idaho.....	1,086	13,932,308	327	2,756,799	586,223	18,366	759	2,003,066	1,987,876	1,887,909	94	99,967
Illinois.....	1,225	12,600,041	753	6,926,017	1,331,241	8,283	472	1,700,557	1,980,957	1,896,129	109	124,828
Indiana.....	1,111	11,435,149	658	5,615,598	1,044,937	14,459	453	1,811,875	2,074,131	2,080,539	115	93,592
Iowa.....	1,532	17,385,073	906	8,301,569	1,550,576	9,551	626	2,593,352	2,939,950	2,874,651	111	65,099
Kansas.....	1,411	14,180,703	795	6,968,614	1,300,464	72,692	616	2,570,439	2,912,411	2,736,671	106	175,740
Kentucky.....	1,503	13,388,664	988	7,079,604	1,228,798	31,608	515	1,616,547	1,969,711	1,887,656	117	82,055
Louisiana.....	2,637	16,735,905	1,415	7,676,525	1,657,192	67,990	1,222	3,139,844	3,840,978	3,531,289	106	309,690
Maine.....	281	2,228,672	111	1,157,855	213,717	14,577	170	494,998	538,978	514,767	104	24,211
Maryland.....	388	3,417,825	219	1,630,932	322,007	6,032	169	552,861	717,720	546,666	99	171,054
Massachusetts.....	108	1,066,823	50	407,470	70,140	19,179	58	213,198	241,762	188,845	89	52,917
Michigan.....	1,041	7,869,039	648	3,753,864	742,388	36,967	393	1,444,746	1,696,726	1,558,497	108	138,229
Minnesota.....	2,773	18,107,776	1,759	9,675,405	1,782,451	87,717	1,014	2,887,035	3,284,925	3,144,465	109	140,460
Mississippi.....	5,973	37,708,393	2,853	13,949,159	2,335,647	384,035	3,120	8,522,127	9,310,498	8,573,442	101	737,056
Missouri.....	3,529	27,774,990	1,915	11,520,276	2,216,379	42,194	1,614	4,662,186	5,258,895	5,062,813	109	196,082
Montana.....	722	5,889,148	449	2,986,967	623,942	56,858	273	1,002,070	1,131,178	1,039,725	104	91,453
Nebraska.....	1,065	12,361,743	663	6,654,174	1,086,143	40,992	402	1,679,394	1,910,723	1,875,007	112	35,716
Nevada.....	21	604,441	22	209,462	26,163	26,163	29	130,993	147,963	134,855	103	13,108
New Hampshire.....	51	665,349	22	155,126	27,299	7,947	47	133,770	118,938	104,379	78	14,559
New Jersey.....	296	3,050,128	146	1,308,733	252,663	28,134	150	640,017	668,759	580,534	91	88,225
New Mexico.....	325	3,697,005	181	1,679,603	306,183	38,527	144	647,287	640,419	628,117	97	12,302
New York.....	872	6,241,709	518	3,123,551	600,890	116,971	354	1,058,311	1,234,512	1,008,301	95	226,211
North Carolina.....	4,472	27,999,731	3,039	14,044,998	2,567,655	26,350	1,433	3,644,777	4,359,999	3,810,446	105	549,553
North Dakota.....	1,026	10,945,564	550	3,967,530	619,979	46,131	476	1,582,426	1,764,493	1,669,283	105	95,210
Ohio.....	1,340	12,092,430	855	6,573,586	1,211,945	80,753	485	1,276,629	1,512,801	1,371,389	111	155,412
Oklahoma.....	3,467	23,836,069	2,378	13,638,259	2,564,677	113,801	1,089	3,998,903	4,719,798	4,368,422	109	351,376
Oregon.....	653	5,977,393	379	2,359,520	410,757	30,959	274	1,028,701	1,044,260	976,767	95	67,493
Pennsylvania.....	1,139	8,439,659	656	4,017,258	814,531	68,111	483	1,313,065	1,521,941	1,365,412	104	155,629
Rhode Island.....	5	42,072	3	21,197	4,793	0	4	6,883	7,411	6,891	101	150
South Carolina.....	3,124	16,897,112	1,995	8,879,796	1,770,998	53,445	1,129	2,929,372	3,587,968	2,987,060	102	600,908
South Dakota.....	874	9,524,187	524	4,205,189	714,961	33,834	350	1,268,639	1,346,334	1,312,712	103	33,622
Tennessee.....	2,692	19,109,981	1,569	8,784,744	1,656,504	47,999	1,123	2,917,767	3,318,876	3,105,067	106	213,809
Texas.....	5,604	48,148,947	3,780	28,532,840	5,248,183	112,521	1,284	7,521,785	8,852,377	8,320,482	110	531,895
Utah.....	447	5,396,906	146	1,304,483	338,673	52,581	301	1,202,115	1,266,996	1,147,517	95	113,479
Vermont.....	208	1,707,542	115	685,375	131,237	79,842	93	259,549	302,705	254,305	98	48,320
Virginia.....	1,287	9,413,689	842	4,631,373	853,468	23,247	445	1,477,591	1,707,609	1,450,848	98	256,761
Washington.....	927	12,813,768	310	2,552,527	490,923	67,375	617	1,598,730	1,565,691	1,425,126	89	140,565
West Virginia.....	722	4,222,724	404	2,047,318	416,895	81,256	318	1,680,439	1,023,534	900,338	102	123,196
Wisconsin.....	2,401	14,222,934	1,296	6,048,763	1,071,894	70,546	805	2,136,444	2,606,625	2,478,157	101	128,468
Wyoming.....	362	4,205,772	154	1,318,634	259,880	41,076	208	756,085	781,059	720,701	95	60,358
Hawaii.....	314	2,451,698	198	1,160,561	225,481	17,476	116	343,905	385,763	366,909	107	18,894
Puerto Rico.....	848	4,795,471	497	2,593,868	638,713	103,389	351	1,026,713	1,100,835	1,000,465	97	100,370
Virgin Islands.....	15	156,850	4	14,324	2,911	0	11	27,423	29,586	29,586	108	0

Note: Includes non-cash advances on sale of rural rehabilitation project farms. Paid up borrowers include those paid through repossession, debt settlement, etc.

1/ Principal write-offs total \$2,519,537 and judgments \$519,677



Table VI - Farm Ownership: Insured Loans - Number of Borrowers, Amount Loaned and Payments,
Cumulative Through March 31, 1959

State and territory	Total number of borrowers	Borrowers paid in full or otherwise satisfied							Borrowers with unpaid balance as of March 31, 1959					
		Total amount loaned	Number	Payments			Interest on amount loaned by private lenders	Number	Scheduled installments (principal and interest)	Regular and advance payments made on scheduled installments		Extra payments and refunds		
				Principal 1/	Total	Insurance to fund				Total	As percent of schedule			
											11		12	
1	2	3	4	5	6	7	8	9	10	11	12	13		
U. S. Total.....	20,149	\$219,334,808	3,274	\$27,513,003	\$5,115,105	\$3,709,377	\$1,405,728	16,875	\$36,806,204	\$42,099,598	\$39,473,887	107	\$2,626,011	
Alabama.....	614	4,670,513	90	569,970	93,530	68,193	25,337	524	878,583	1,035,826	951,677	108	84,149	
Alaska.....	2	41,253	0	0	0	0	0	2	5,873	6,550	6,550	112	0	
Arizona.....	45	805,371	4	58,600	7,486	5,368	2,118	41	130,373	138,448	129,603	99	8,845	
Arkansas.....	578	3,607,685	122	686,923	94,926	69,111	25,815	456	533,160	642,551	562,984	109	59,567	
California.....	102	1,460,044	17	214,677	39,699	28,975	10,924	85	266,892	301,069	267,299	100	33,770	
Colorado.....	253	3,480,911	59	625,111	118,343	85,254	33,089	194	662,054	657,831	596,240	90	61,591	
Connecticut.....	13	137,806	4	41,201	5,911	4,309	1,602	9	21,479	22,338	22,338	104	2,427	
Delaware.....	12	123,290	3	33,610	2,660	2,660	773	2	24,144	29,875	25,788	107	4,087	
Florida.....	309	2,885,570	43	338,922	50,447	36,744	13,703	266	418,772	460,768	424,592	101	35,876	
Georgia.....	961	8,186,988	228	1,531,417	252,645	182,405	70,240	733	1,465,686	1,753,458	1,551,792	106	201,666	
Idaho.....	232	2,868,297	44	435,143	80,854	59,608	21,246	188	589,457	554,436	505,327	95	49,109	
Illinois.....	381	5,177,212	37	746,871	104,083	74,181	16,411	218	523,082	594,144	568,720	109	15,424	
Indiana.....	255	3,185,483	69	746,578	104,083	104,989	40,154	312	958,885	1,122,462	1,040,304	108	82,158	
Iowa.....	599	8,589,409	103	1,115,780	211,089	155,086	56,063	466	1,600,358	1,794,375	1,759,758	110	34,617	
Kansas.....	613	7,786,515	130	1,298,951	259,130	187,257	71,873	483	1,528,024	1,716,437	1,638,772	107	77,665	
Kentucky.....	298	3,542,291	28	285,252	48,673	34,738	13,935	270	594,125	728,932	700,538	118	28,394	
Louisiana.....	414	3,381,578	61	455,659	74,651	54,401	20,250	353	586,618	683,560	643,183	110	40,377	
Maine.....	456	4,245,616	49	409,694	66,357	47,754	18,603	407	603,972	709,552	629,466	104	80,086	
Maryland.....	93	921,963	26	235,577	39,969	28,906	11,063	67	171,809	209,038	178,653	104	30,385	
Massachusetts.....	15	160,035	6	59,680	11,265	8,138	3,127	9	28,373	34,633	29,524	104	5,109	
Michigan.....	633	7,590,287	94	902,023	183,256	133,314	49,942	539	1,427,359	1,638,912	1,519,180	106	119,732	
Minnesota.....	123	5,109,127	120	824,586	133,388	92,495	32,523	491	1,266,311	1,301,277	1,240,048	106	61,229	
Mississippi.....	1,088	7,018,280	153	870,371	136,594	99,126	37,468	935	1,206,512	1,374,041	1,253,287	104	120,774	
Missouri.....	1,389	14,203,369	242	1,759,299	363,849	264,144	99,400	1,147	2,460,652	2,801,405	2,714,083	110	93,322	
Montana.....	216	3,046,667	32	357,296	68,642	44,201	18,441	184	396,945	442,120	442,577	101	39,543	
Nebraska.....	300	3,868,289	55	609,942	137,988	100,024	37,964	245	736,651	830,844	790,452	107	40,392	
Nevada.....	14	177,875	3	39,000	7,711	3,505	1,266	11	19,488	22,954	19,522	100	3,432	
New Hampshire.....	18	190,032	6	64,791	9,038	6,464	2,574	12	27,301	31,389	24,125	88	7,264	
New Jersey.....	176	1,900,397	35	383,045	64,514	46,181	18,033	141	315,400	345,057	316,003	100	29,054	
New Mexico.....	221	3,530,141	23	309,093	59,206	42,404	16,802	198	469,983	516,224	485,282	103	30,942	
New York.....	281	2,534,371	45	354,865	68,192	49,512	18,680	236	474,165	505,498	463,818	98	41,680	
North Carolina.....	930	8,486,453	207	1,466,534	247,605	179,199	68,406	723	1,332,291	1,577,910	1,463,803	110	113,107	
North Dakota.....	1,140	17,885,535	77	938,636	209,504	149,517	59,987	1,063	2,394,600	2,814,607	2,675,954	112	138,653	
Ohio.....	1,282	3,426,849	65	541,331	105,323	76,382	28,941	217	571,531	666,811	612,709	107	54,102	
Oklahoma.....	659	7,292,614	96	846,459	142,383	102,764	39,619	563	1,191,417	1,373,290	1,299,388	109	73,902	
Oregon.....	182	2,666,773	17	192,588	31,155	23,030	8,125	165	410,248	411,711	399,662	97	12,049	
Pennsylvania.....	558	5,224,734	112	802,088	169,319	108,834	40,485	446	878,790	992,998	919,326	105	73,672	
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	0	
South Carolina.....	399	3,111,570	73	474,629	78,540	57,109	21,431	326	647,162	726,109	665,648	103	60,461	
South Dakota.....	506	8,017,570	75	877,473	192,982	139,062	53,920	431	1,164,187	1,285,311	1,183,793	102	41,518	
Tennessee.....	679	6,465,153	66	510,793	92,028	66,664	25,364	613	963,816	1,145,070	1,060,223	110	84,847	
Texas.....	769	8,680,224	174	1,521,244	269,541	196,983	72,556	595	1,754,526	2,020,130	1,917,761	109	102,369	
Utah.....	134	1,883,151	11	131,086	27,847	20,294	7,553	123	278,008	307,126	295,363	106	11,763	
Vermont.....	42	386,191	7	59,482	11,448	8,296	3,152	35	66,800	75,103	67,616	101	7,487	
Virginia.....	326	4,000,119	46	440,833	84,818	60,646	24,172	280	624,020	722,247	633,000	101	89,247	
Washington.....	440	6,225,853	26	280,164	63,308	45,888	17,480	414	789,634	888,051	783,120	100	44,931	
West Virginia.....	232	2,290,475	25	37,979	37,979	27,283	10,696	207	318,454	360,488	342,194	108	38,544	
Wisconsin.....	1,396	14,313,891	240	1,977,193	376,522	273,453	103,069	1,156	2,729,121	3,205,362	3,101,240	117	110,898	
Wyoming.....	97	1,659,117	9	113,372	22,560	16,144	6,376	88	212,596	226,343	205,571	97	20,772	
Hawaii.....	96	1,063,124	16	140,055	26,177	19,229	6,948	80	193,009	234,505	217,731	113	16,774	
Puerto Rico.....	100	967,705	1	9,000	158	111	47	99	60,364	66,453	57,954	96	8,499	
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0	

Note: This table covers loans advanced by private lenders which are insured by the Government. In addition to amount insured, this table covers small amounts advanced from the Farm Tenant Mortgage Insurance Fund, including principal and interest repayments on these advances, for such purposes as the payment of taxes, insurance premiums, etc.

1/ Includes principal write-offs in the amount of \$159,726 and principal judgments in the amount of \$15,341.

Farm Housing Loans

Title V of the Housing Act of 1949 was amended during the 84th Congress, 2nd Session, to extend the authority for making farm housing loans and grants for the 5-year period 1957 through 1961. A total of \$450,000,000 was authorized to be borrowed from the Treasury for loans for this 5-year period. During the fiscal year 1959 \$60,674,466 was obligated for farm housing loans.

It is estimated that a total of \$40,000,000 will be borrowed from the Treasury for use in 1960.

1. Applications and Loans: During the fiscal year 1959, a total of 16,569 applications for new loans were received. Applications on hand on June 30, 1959 totaled 5,471. It is expected that applications received in 1960 will be less than those received in 1959.

As an anti-recession measure, in March 1958, the eligibility requirements for farm housing loans were relaxed to remove the previous restriction that the farm must be of "such size and productive capacity that it will produce agricultural commodities in sufficient quantities that the proceeds from their sale will be a substantial portion of the operator's total cash income." The definition of a farm was changed to "one or more tracts of land owned by the applicant and operated as an individual farm which is in agricultural production and annually will produce agricultural commodities for sale and home use which have a gross value of not less than \$400 based on 1944 prices." This change in the definition of a farm and thus in eligibility requirements created a substantially greater demand for loans than experienced before.

As of July 15, 1959, the regulations were again changed to return to the definition of a farm in effect prior to March, 1958. The effect of this latest change is to confine loans to owner-operators who are bona fide farmers. Included in the revised regulations is the provision that the applicant's farm "is recognized in the community as a farm rather than a rural residence."

The following are numbers and amounts of loans made under authority of Section 502 of Title V of the Housing Act of 1949 for the fiscal year 1959, and the estimate for the 1960 fiscal year.

Farm Housing Loans

<u>Fiscal Year</u>	<u>Number</u>	<u>Amount</u>	<u>Average Size Loan</u>
1959			
Initial.....	7,693	\$58,794,155	\$7,643
Subsequent.....	493	1,880,311	3,814
Total.....	8,186	60,674,466	
1960 (Est.)			
Initial.....	4,985	37,400,000	7,500
Subsequent.....	685	2,600,000	3,800
Total.....	5,670	40,000,000	

2. Use of Loan Funds: A total of 4,723 new dwellings at an estimated cost of \$44,174,157 were planned by the 7,693 borrowers receiving initial loans. There were 1,884 dwellings to be repaired and 3,540 other farm buildings were planned to be constructed or repaired.

About 72 percent of the funds were planned to be used for new farm dwellings. The average planned construction cost of new dwellings was \$9,353, including loan funds and cash contributions by borrowers, but not including any labor contribution by the borrower. While this is \$539 larger than the 1958 average, it is a relatively low average dwelling cost and results from borrowers making extensive use of salvage and locally produced materials and utilizing a substantial amount of family labor to do the construction work. The increase in the average cost probably is due primarily to the change in the eligibility requirements in effect during 1959. This also accounts for the increased percentage of funds used for new dwellings.

See Table I for distribution by States

3. Loan Repayments: Farm housing loans are made with an annual common maturity date of December 31. As of December 31, 1958, \$180,389,899 had been advanced to 31,102 borrowers under the farm housing program. Principal payments of \$50,768,923 and interest payments of \$22,631,523 had been made. In addition, contributions in the amount of \$137,967 were applied to the accounts of 250 borrowers to assist them in developing adequate farms. Of this amount \$46,006 was credited to principal and \$91,961 to interest. Principal write-offs and judgments totaled \$36,782.

By December 31, 1958, 7,281 borrowers had paid their farm housing loans in full. As of the same date, cumulative annual installments in the amount of \$36,032,364 were due from the 23,821 borrowers with outstanding loan balances. The regular principal and interest payments on these installments were \$37,394,117. This represents cumulative regular payments to cumulative installments of 104 percent. Extra payments and refunds of \$2,417,911 were also applied to these borrowers' accounts. On December 31, a total of 32 percent of the borrowers with outstanding loan balances were ahead of schedule, an average of \$333 and 10 percent were behind schedule, an average of \$521.

See Table II for distribution by States

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Farm Housing Loans: Funds Obligated and Furnished by Borrowers, and Use of Funds,
1959 Fiscal Year

State and territory	Loans to new borrowers																		
	Amount of funds				Use of funds										Number of loans to borrowers	Amount of loans to borrowers and loan costs ^{1/}	Total amount of loans		
	Number	Loans	Furnished by borrower	Total	Dwellings				Other farm buildings				Water systems						
					New		Repair		New		Repair		Number	Amount				Number	Amount
					Number	Amount	Number	Amount	Number	Amount	Number	Amount							
U. S. Total:	7,693	\$58,794,155	\$2,586,744	\$61,380,899	4,723	\$44,174,157	1,884	\$6,483,962	2,432	\$7,485,588	1,108	\$1,500,349	2,144	\$1,427,475	2,344	\$393,368	\$60,744,466		
Percent distribution		100.00				72.04		10.64		12.24		2.44		2.34		0.54			
Alabama.....	515	3,961,920	288,765	4,250,685	417	3,775,799	71	275,885	43	88,189	7	5,350	220	100,902	4,560	87,536	4,049,456		
Alaska.....	3	21,720	0	21,720	15	170,875	0	6,430	3	27,872	0	1,390	1	19,357	0	8	21,720		
Arizona.....	13	211,600	4,080	215,680	15	140,875	109	259,810	48	103,810	7	2,570	90	14,772	775	34,800	1,898,235		
Arkansas.....	357	1,853,435	106,950	1,960,385	226	1,187,752	14	68,961	46	176,318	12	8,660	17	14,715	3,766	56,899	1,128,902		
California.....	104	1,072,003	33,456	1,105,459	74	856,858													
Colorado.....	25	235,900	11,595	247,495	14	132,658	6	47,294	20	54,546	8	4,095	8	6,320	2,590	2,431	238,331		
Connecticut.....	5	33,430	100	33,530	0	13,156			3	12,705		2,500	1	1,500	0	0	33,430		
Delaware.....	0		138,293	4,041,895	324	3,401,388	75	326,280	64	232,277	0	19,515	86	47,390	15,005	139,232	4,042,794		
Florida.....	462	3,166,695	116,520	3,283,215	321	2,686,141	106	328,559	78	108,370	19	54,975	106	84,835	14,504	110,460	3,271,155		
Georgia.....																			
Idaho.....	75	670,370	27,695	697,065	32	344,860	36	189,865	7	125,995	17	10,240	17	23,285	3,730	15,071	695,441		
Illinois.....	23	322,920	18,143	341,063	19	186,394	16	97,113	44	71,448	11	7,448	13	8,757	2,176	21,045	343,975		
Indiana.....	119	500,870	18,143	519,013	22	322,382	21	69,763	30	94,554	20	23,568	11	6,062	2,698	22,478	523,348		
Iowa.....	152	1,120,230	41,047	1,161,277	51	545,927	49	173,753	149	375,449	68	32,535	31	23,163	4,450	29,804	1,150,034		
Kansas.....	93	617,610	16,296	633,906	34	345,476	40	128,756	59	106,765	29	13,092	19	17,139	4,678	15,900	633,510		
Kentucky.....	178	1,356,940	38,565	1,395,505	99	973,593	47	200,176	73	165,650	18	16,440	61	32,945	6,731	47,232	1,404,172		
Louisiana.....	187	1,667,730	82,715	1,750,445	151	1,358,603	27	100,665	12	59,295	4	6,574	32	15,470	9,648	50,536	1,518,266		
Maine.....	122	963,480	370	1,333,860	6	44,613	26	14,600	93	693,807	58	152,318	22	24,396	7,126	137,119	1,100,609		
Maryland.....	33	389,310	15,965	405,275	15	183,407	6	16,076	25	149,725	4	11,025	7	4,525	1,717	23,634	374,444		
Massachusetts.....	9	88,300	8,630	96,930	3	26,763	2	4,555	5	52,843	3	11,578	2	950	441	8,238	96,738		
Michigan.....	126	929,255	30,767	960,022	32	346,674	45	159,098	92	361,481	65	82,295	7	3,790	6,694	48,376	977,631		
Minnesota.....	112	871,240	39,168	910,408	53	431,912	50	141,226	76	256,578	54	57,880	36	28,837	7,185	17,481	888,881		
Mississippi.....	729	4,570,678	182,682	4,753,360	523	3,980,681	166	495,921	67	133,244	17	12,500	267	154,441	26,323	97,792	4,648,470		
Missouri.....	394	2,407,950	88,390	2,496,340	184	1,357,457	134	325,799	192	465,203	71	47,232	126	106,677	13,993	113,693	2,527,643		
Montana.....	51	308,620	42,668	351,288	55	618,130	30	131,070	30	63,496	22	18,369	17	14,404	5,285	11,769	380,469		
Nebraska.....	58	412,350	21,577	433,927	22	238,660	19	76,892	25	80,065	33	32,131	14	5,438	1,324	16,570	438,920		
Nevada.....	4	34,400	100	34,500	1	14,450	3	17,866	1	9,017	0	0	1	520	0	0	34,400		
New Hampshire.....	3	11,900	1,400	13,300	13	5,750	1	3,400	1	3,000	1	208	1	600	150	0	11,900		
New Jersey.....	24	240,760	29,337	270,097	13	202,769	7	17,560	8	40,616	3	7,085	23	11,594	2,357	24,166	284,566		
New Mexico.....	49	505,950	12,590	518,540	39	432,463	10	45,710	9	19,063	6	2,365	23	11,594	6,570	27,434	533,014		
New York.....	48	368,320	600	368,920	5	54,460	8	12,490	56	247,954	19	39,046	6	8,500	6,570	26,390	394,710		
North Carolina.....	249	2,076,405	90,653	2,167,058	175	1,778,008	42	132,730	86	152,976	52	21,722	91	40,365	10,957	73,378	2,140,436		
North Dakota.....	164	1,519,935	33,070	1,553,005	95	1,093,601	49	152,143	54	154,075	19	25,101	55	73,859	17,456	24,833	1,587,768		
Ohio.....	86	628,842	33,188	662,030	38	249,374	33	107,664	80	239,133	41	42,953	20	18,352	2,832	7,708	634,542		
Oklahoma.....	280	2,066,795	90,647	2,157,442	192	1,708,395	81	235,278	61	152,451	32	15,154	100	46,600	9,164	64,672	2,133,475		
Oregon.....	42	813,045	24,775	837,820	45	526,861	32	137,075	42	173,060	15	15,036	15	18,218	3,990	7,910	821,315		
Pennsylvania.....	69	416,015	24,110	440,125	6	66,932	27	65,690	50	172,419	57	127,765	8	4,191	9,173	49,281	465,286		
Rhode Island.....	113	973,450	50,130	1,023,580	52	669,669	35	189,239	26	32,908	8	2,640	88	32,664	5,502	27,633	2,874,079		
South Dakota.....																			
Tennessee.....	410	3,093,375	140,573	3,233,948	323	2,801,149	63	130,099	60	127,977	21	42,383	122	92,823	12,505	59,579	3,152,754		
Texas.....	539	1,712,165	48,147	1,760,312	405	3,071,758	93	394,943	97	365,663	18	42,383	122	92,823	17,790	92,679	1,838,140		
Utah.....	118	1,465,765	48,147	1,513,912	62	1,213,966	56	197,810	15	18,566	10	7,484	4	4,330	4,339	56,075	1,221,780		
Vermont.....	8	4,350	0	4,350	0	0	2	2,500	6	0	4	3,080	0	0	280	0	4,350	4,350	
Virginia.....	76	669,510	28,225	697,735	49	513,525	21	81,870	24	65,330	10	6,685	34	24,275	4,450	31,235	701,145		
Washington.....	126	1,106,355	28,490	1,134,845	46	488,944	28	108,421	93	362,972	34	129,952	21	36,070	9,021	68,343	1,174,498		
West Virginia.....	167	1,212,405	52,320	1,264,725	69	794,370	66	312,358	35	94,734	16	36,858	41	20,730	5,755	14,288	1,226,633		
Wisconsin.....	158	1,227,000	83,357	1,310,357	28	301,315	56	207,576	147	536,752	100	233,166	34	19,980	11,588	23,792	1,250,792		
Wyoming.....	48	379,510	34,922	414,432	23	268,660	17	76,128	14	52,592	4	4,250	12	11,307	1,695	10,801	390,711		
Puerto Rico.....	14	140,990	5,254	146,244	12	124,379	2	2,680	7	18,035	0	0	0	0	950	22,400	163,390		
Virgin Islands.....	129	637,785	23,345	661,130	83	510,435	44	112,305	0	0	4	3,900	31	14,695	375	11,149	648,934		
	2	23,400	1,000	24,400	2	23,400	0	0	0	0	0	0	0	0	1,000	0	23,400		

^{1/} "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. Loan costs appear opposite two states reporting no number of loans.

Table II - Farm Housing Loans: Number of Borrowers, Amount Loaned and Payments,
Cumulative Through December 31, 1958

State and territory	Total number of borrowers	Borrowers paid in full or otherwise satisfied					Borrowers with unpaid balance as of December 31, 1958						Extra payments and refunds
		Total amount loaned	Number	Payments		Interest	Number	Scheduled installments (principal and interest)	Total	Regular and advance payments made on scheduled installments			
				Total	Principal					Amount	As percent of schedule		
												1		2	3	4	5	6	7	8	9	10	11	12
U. S. Total.....	31,102	\$180,389,899	7,281	\$33,763,167	\$29,522,772	\$4,240,395	23,821	\$36,032,364	\$39,812,028	\$37,394,117	104	\$2,417,911	
Alabama.....	1,834	11,176,261	354	1,929,729	1,700,015	229,714	1,480	2,215,840	2,530,499	2,387,290	108	143,209	
Alaska.....	5	10,980	1	1,105	1,000	105	4	1,025	1,407	1,025	100	382	
Arizona.....	133	1,044,358	55	412,616	367,465	45,151	78	212,936	232,249	204,874	96	7,375	
Arkansas.....	1,498	5,636,720	383	1,250,370	1,101,600	149,770	1,115	1,204,836	1,366,348	1,284,615	107	81,733	
California.....	686	4,903,091	251	1,379,631	1,202,626	177,005	435	874,753	959,331	879,963	101	49,368	
Colorado.....	261	1,544,466	91	476,981	412,302	64,679	170	425,639	419,422	400,928	94	18,494	
Connecticut.....	44	199,286	25	95,619	86,416	9,203	19	40,161	41,024	39,549	98	1,475	
Delaware.....	12	65,315	5	24,534	22,140	2,394	7	1,244	6,799	6,799	94	0	
Florida.....	989	7,646,320	158	865,713	766,346	99,367	831	1,051,848	1,133,860	1,062,061	101	71,799	
Georgia.....	1,940	10,646,482	429	1,915,310	1,666,673	248,637	1,511	2,205,004	2,540,859	2,343,363	106	197,496	
Idaho.....	482	3,336,740	111	637,524	548,761	88,763	371	805,572	855,414	820,007	102	35,407	
Illinois.....	497	2,152,894	182	567,400	500,426	66,974	315	547,752	547,752	526,375	105	21,377	
Indiana.....	428	2,273,615	146	612,717	537,234	75,483	282	506,077	553,671	532,171	105	21,500	
Iowa.....	570	2,931,066	131	569,548	499,131	70,417	439	568,099	621,882	596,741	105	25,141	
Kansas.....	396	2,212,929	113	535,860	469,391	66,469	283	501,125	554,671	504,959	101	49,712	
Kentucky.....	684	4,080,195	141	649,097	567,901	81,196	543	906,701	1,057,713	983,962	109	73,751	
Louisiana.....	1,039	6,152,680	236	1,181,793	1,031,491	150,302	803	1,378,680	1,524,409	1,461,617	106	62,192	
Maine.....	496	2,791,327	106	394,043	341,396	52,647	390	453,138	510,170	460,819	102	49,351	
Maryland.....	230	1,548,116	63	323,391	284,846	38,545	167	269,981	282,578	269,695	100	12,883	
Massachusetts.....	34	193,583	9	45,245	39,305	5,940	25	36,786	37,915	33,886	87	4,029	
Michigan.....	675	3,802,516	168	713,070	612,590	100,480	507	797,981	861,665	819,589	103	42,076	
Minnesota.....	558	2,729,794	116	527,041	463,387	63,654	442	473,666	475,369	455,321	104	20,048	
Mississippi.....	2,476	11,991,564	440	1,735,387	1,538,359	197,028	2,036	2,242,754	2,460,359	2,330,068	104	130,261	
Missouri.....	1,613	7,037,718	425	1,400,783	1,224,303	176,480	1,188	1,213,083	1,373,558	1,274,784	105	98,774	
Montana.....	285	2,004,864	75	482,516	417,777	64,739	210	366,216	401,729	368,918	100	32,811	
Nebraska.....	460	2,202,490	192	855,180	738,577	116,603	268	465,963	464,272	451,099	97	13,173	
Nevada.....	32	241,849	7	44,975	37,288	7,687	25	67,035	71,641	63,813	95	7,628	
New Hampshire.....	25	101,909	6	22,875	20,238	2,637	19	23,039	20,210	17,610	76	2,600	
New Jersey.....	222	1,286,986	71	295,662	260,320	35,342	151	291,273	295,611	286,496	98	9,315	
New Mexico.....	312	1,959,915	87	428,067	364,174	59,893	225	501,949	544,484	512,015	102	32,469	
New York.....	254	1,458,479	62	280,223	247,114	33,109	192	317,983	326,894	301,906	95	24,948	
North Carolina.....	1,241	8,003,199	260	1,319,282	1,159,259	160,023	981	1,607,208	1,903,100	1,773,368	110	129,732	
North Dakota.....	472	3,773,752	51	304,974	260,575	44,399	421	293,948	610,437	603,785	103	59,652	
Ohio.....	362	7,806,732	131	497,596	442,245	55,351	231	282,243	316,602	302,168	107	14,434	
Oklahoma.....	1,367	7,296,827	381	1,729,566	1,507,641	222,925	986	1,690,758	1,830,703	1,721,472	102	109,231	
Oregon.....	349	2,513,791	97	595,524	439,325	66,199	252	476,855	507,281	478,806	100	28,475	
Pennsylvania.....	555	2,452,798	176	574,850	495,258	79,622	359	512,845	555,763	517,110	101	38,693	
Rhode Island.....	3	8,070	0	0	0	0	3	1,352	2,369	2,369	73	0	
South Carolina.....	990	6,697,953	171	872,576	754,968	117,608	819	1,502,666	1,692,567	1,588,186	106	104,381	
South Dakota.....	347	2,151,561	86	455,062	391,744	57,328	261	386,128	373,277	347,715	90	25,562	
Tennessee.....	1,233	7,132,714	213	965,260	844,286	120,974	1,020	1,276,801	1,409,252	1,403,143	110	96,109	
Texas.....	1,743	11,852,693	445	2,408,488	2,132,023	276,465	1,333	2,416,831	2,671,440	2,540,728	103	150,512	
Utah.....	432	3,157,893	78	493,941	431,303	62,638	324	681,432	777,446	769,795	104	47,254	
Vermont.....	30	135,000	7	28,026	24,995	3,031	23	23,602	29,858	24,922	106	4,936	
Virginia.....	463	3,116,436	111	606,171	526,737	79,434	352	829,492	910,369	844,973	102	65,396	
Washington.....	410	3,174,611	71	444,616	360,425	54,191	339	574,916	594,356	566,270	98	28,086	
West Virginia.....	449	3,202,451	59	369,210	324,582	44,628	330	745,702	670,702	670,702	103	75,000	
Wisconsin.....	596	3,389,920	118	503,169	439,079	64,091	478	511,597	579,005	550,523	108	28,482	
Wyoming.....	224	1,500,841	55	277,525	244,347	33,178	169	323,667	319,636	305,420	94	14,216	
Hawaii.....	141	1,204,000	37	298,352	254,974	43,378	104	269,606	313,694	292,066	108	21,618	
Puerto Rico.....	519	2,606,895	117	569,133	509,670	59,463	402	480,040	461,321	461,298	96	20,023	
Virgin Islands.....	21	117,718	8	36,637	33,688	2,749	13	20,446	34,166	20,166	99	14,000	

1/ Includes contributions in the form of principal and interest credits as authorized by Section 503 of the Housing Act of 1949. The contributions credited to the accounts of borrowers paid in full and with unpaid balances totaled \$137,967 of which \$46,006 was credited to principal and \$91,961 to interest.
2/ Includes write-offs in the amount of \$15,517 and judgments in the amount of \$21,265.



Farm Operating Loans

The annual Appropriation Act for 1960 authorizes borrowing \$180,000,000 from the Secretary of the Treasury for operating loans. In addition a contingency borrowing authorization of \$20,000,000 is provided for farm operating and farm ownership loans of which not to exceed \$5,000,000 can be used for farm ownership loans.

These loans were formerly known as production and subsistence loans. Title II of the Bankhead-Jones Farm Tenant Act was amended by Public Law 878, approved August 1, 1956 and as a result thereof the name was changed to "operating" loans.

1. Production and subsistence loans: The numbers of loans made from November 1, 1946 through 1956 are reflected in the following table:

Fiscal Year	Initial Loans			Subsequent Adjustment Loans	Total All Loans	Total Available for Operating Loans
	Adjustment	Annual	Total			
1947	17,229	73,635	90,864	50,891	141,755	\$ 61,500,000
1948	29,962	32,648	62,610	46,215	108,825	60,000,000
1949	37,935	25,621	63,556	37,049	100,605	75,000,000
1950	40,622	8,772	49,394	41,773	91,167	85,000,000
1951	34,311	11,633	45,944	44,230	90,174	103,000,000
1952	23,649	855	24,504	34,361	58,865	110,000,000
1953	23,618	408	24,026	34,413	58,439	120,000,000
1954	26,898	7,237	34,135	39,031	73,166	140,000,000
1955	21,279	1,684	22,963	41,667	64,630	122,500,000
1956	21,090	4,214	25,304	47,174	72,478	137,500,000

See Table I for distribution by States

2. Use of Farm Operating Funds: The major portion of the operating loan funds in 1959 was used to assist farmers in making basic adjustments in their farming operations. An analysis of all new and subsequent operating loans indicates that 24.5 percent of the loan funds was used for the purchase of productive livestock, 17.9 percent for the purchase of workstock, machinery and equipment, 11.3 percent for the refinancing of existing debts secured by livestock and equipment, and 39.9 percent for current farm operating expenses. The other 6.4 percent was used for pasture and other minor land development, fencing, family-living expenses and other minor items of expense. There was a decrease of 21.5 percent (3.1 percentage points) in 1959 over 1958 in the amount of funds used for refinancing existing indebtedness.

The average size of loans continues to rise each year. This is due principally to the increased cost of farming, including the fact that much larger investments are needed in livestock and equipment than in earlier years. Initial operating loans to farmers operating under long-time farm and home plans averaged \$5,483 in 1959 compared to \$4,911 in 1958 and \$3,233 in 1955. Initial operating loans for annual operating expenses

averaged \$2,117 in 1959 compared to \$1,976 in 1958 and \$1,177 in 1955. There has been an increase of over 50 percent in the size of subsequent loans since 1955. Subsequent operating loans to farmers operating under long-time farm and home plans averaged \$1,969 in 1959 compared to \$1,651 in 1958 and \$1,240 in 1955.

A total of \$14,011,575 was loaned to individuals in excess of the normal \$10,000 principal indebtedness limitation, but within the permitted \$20,000 principal indebtedness limitation. This compares to the total statutory authorization of \$18,700,000 which might have been used for this purpose and which represents 10 percent of the annual funds available for farm operating loans. This amount compares to \$8,818,769 used for this purpose in 1958.

The following table shows the number and amount of loans on family-type farms and on less than family-type farms in 1959 and estimated for 1960:

1959	Family-Type Farms		Less Than Family-Type Farms		Total	
	Number	Amount	Number	Amount	Number	Amount
Initial Loans....	17,672	\$82,241,451	4,646	\$6,631,280	22,318	\$88,872,731
Subsequent loans.	49,487	96,560,994	1,770	1,566,215	51,257	98,127,209
Total.....	<u>67,159</u>	<u>178,802,445</u>	<u>6,416</u>	<u>8,197,495</u>	<u>73,575</u>	<u>186,999,940</u>
<u>1960 (Est.)</u>						
Initial Loans....	17,475	81,935,000	4,655	6,750,000	22,130	88,685,000
Subsequent Loans.	45,310	89,515,000	2,035	1,800,000	47,345	91,315,000
Total.....	<u>62,785</u>	<u>171,450,000</u>	<u>6,690</u>	<u>8,550,000</u>	<u>69,475</u>	<u>180,000,000</u>

3. 1960 Program: No major changes in the 1960 program are anticipated over 1959. There was a need for very substantial utilization of funds for subsequent loans to indebted borrowers during the fiscal year 1958. Special attention was given to this problem in 1959 with a view to limiting the amount of total funds used for subsequent loan purposes, but actual subsequent loans exceeded 1958. However, subsequent loans in 1960 are expected to be less than in 1959.
4. Collections: A summary of the cumulative and current collection activity on operating loans is contained in items "A" and "B" below.
 - A. The following is a resume of the loan disbursements and repayments during the last 13 years. It indicates that the total repayments of \$1,587,100,156 exceed the total disbursements of \$1,585,130,164 in the amount of \$1,969,992.

<u>Fiscal Year</u>	<u>Loan Disbursements</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
1947	\$ 89,738,190	\$ 119,784,295	\$ 14,299,621	\$ 134,083,916
1948	59,912,114	101,453,618	12,769,753	114,223,371
1949	74,957,211	78,279,960	11,282,124	89,562,084
1950	84,912,479	68,004,734	9,702,196	77,706,930
1951	102,933,890	83,307,468	10,926,796	94,234,264
1952	109,958,601	90,566,068	11,066,894	101,632,962
1953	119,929,065	82,244,283	11,222,228	93,466,511
1954	139,999,150	89,336,288	11,957,498	101,293,786
1955	122,499,948	111,865,317	13,634,061	125,499,378
1956	137,499,999	121,394,172	14,519,472	135,913,644
1957	179,999,994	135,546,643	14,361,024	149,907,667
1958	175,789,583	160,461,684	16,164,707	176,626,391
1959	186,999,940	175,818,446	17,130,806	192,949,252
Total	1,585,130,164	1,418,062,976	169,037,180	1,587,100,156

B. Cumulative loan advances and collections of comparable type operating loans made by the Farm Security Administration, the Emergency Crop and Feed Loan Division of the Farm Credit Administration and the Farmers Home Administration follow:

<u>Loan Advances</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Total Payments</u>	<u>Principal Repayments to Maturities</u>	<u>Total Collection to Advances</u>
<u>Rural Rehabilitation Loans from June 1935 to October 31, 1946</u>					
\$1,004,896,434	\$ 890,977,065	\$125,378,154	\$1,016,355,219	88.7%	101.1%
<u>Emergency Crop and Feed Loans from 1918 to October 31, 1946</u>					
\$ 575,934,022	\$ 477,733,189	\$ 60,821,232	\$ 538,554,421	82.9%	93.5%
<u>Farm Operating and Production and Subsistence Loans from November 1, 1946 to June 30, 1959</u>					
\$1,554,639,821	\$1,161,195,725	\$113,702,699	\$1,274,898,424	95.1%	82.0%

See Table III for distribution by States

5. Progress of Borrowers: A summary of reports from 15,125 active borrowers receiving supervisory and year-end analysis assistance, who repaid their operating loans during the 1959 fiscal year and continued to farm, showed an average increase in net worth between the time of application for the loan and the time of final loan repayment of \$3,707 from \$8,156 to \$11,863.

Average gross cash income for each of these operators was \$4,954 at the time of application, and \$8,098 during the year when final payment was made. Since the average borrower was indebted for 4.6 years, the average year of application was 1954 for those borrowers for whom reports were tabulated.

6. Debts Compromised, Adjusted, or Canceled Pursuant to Public Laws 518, 731 and 878 - Continued emphasis is being given to the settlement of old accounts eligible for compromise, adjustment, or cancellation under existing statutory authorities.

The following schedule shows adjustment, compromise, and cancellation settlements during the fiscal year 1959 and from the inception of such activity on April 4, 1945, through June 30, 1959. Included in the figures are debt settlement activities taken under all programs administered by the Farmers Home Administration including the emergency and special live-stock loan programs financed from the Disaster Loan Revolving Fund.

	<u>During Fiscal Year 1959</u>	<u>From Inception April 4, 1945 through June 30, 1959</u>
Number of borrowers involved in settlement.....	13,079	862,578
Original principal indebtedness...	\$16,896,849	\$354,282,865
Repaid prior to settlement:		
Principal.....	\$ 7,755,546	\$141,280,711
Interest.....	1,490,487	24,637,285
Unpaid balance at time of settlement:		
Principal.....	\$ 9,141,303	\$213,002,155
Interest.....	5,783,369	97,970,389
Principal and Interest paid at time of settlement.....	\$ 743,334	\$ 21,288,112
Principal and interest written off.....	\$14,181,339	\$289,684,433

Table I - Total Operating Loans to Individuals, 1959 Fiscal Year, and Operating and Production and Subsistence Loans, Cumulative From Inception, November 1, 1946, Through June 30, 1959 1/

State and territory	1959 fiscal year										Cumulative - November 1, 1946 through June 30, 1959		
	Initial loans on family-type farms based on:					All subsequent loans					Total loans		
	Long-term plans					Less-than-family-type farms							
	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Number	Amount
	1	2	3	4	5	6	7	8	9	10	11	12	13
U. S. Total.....	13,320	\$73,027,965	\$4,352	4,352	\$9,213,486	\$2,117	4,646	\$6,631,280	\$1,427	51,257	\$98,127,209	\$1,914	73,575
Alabama.....	634	1,652,310	2,606	564	577,180	1,023	135	81,930	607	2,691	2,892,661	1,075	4,024
Alaska.....	3	19,300	6,433	0	0	0	0	0	0	0	0	0	0
Arizona.....	3	252,860	11,434	13	90,835	6,987	5	36,930	7,386	61	306,553	3,038	23
Arkansas.....	568	2,574,560	4,533	234	585,400	2,502	218	378,035	1,734	1,926	3,353,461	5,014	101
California.....	78	760,940	9,756	24	221,465	9,228	33	112,695	3,415	210	743,690	1,741	345
Colorado.....	150	1,070,410	7,136	27	122,260	4,528	0	0	0	956	2,744,066	2,864	1,133
Connecticut.....	10	60,560	6,056	2	20,850	10,425	0	0	0	22	2,116	2,116	34
Delaware.....	7	25,600	3,657	2	5,500	2,750	0	0	0	22	29,630	1,347	31
Florida.....	107	391,660	3,660	93	239,790	2,578	55	88,485	1,609	696	1,271,794	1,827	951
Georgia.....	492	2,456,870	4,994	169	501,275	2,966	262	405,430	1,547	1,617	3,774,302	2,334	2,540
Idaho.....	231	1,789,205	7,745	11	49,370	4,488	33	100,615	3,049	1,199	3,544,831	2,956	1,474
Illinois.....	412	3,217,305	7,809	37	106,360	2,875	0	0	0	1,744	3,617,397	2,074	1,293
Indiana.....	314	2,477,760	7,891	10	21,260	2,126	1	26,200	8,895	895	2,071,120	2,314	1,229
Iowa.....	476	3,368,475	7,071	1	1,500	1,500	10	8,970	8,970	1,494	2,701,542	1,806	1,972
Kansas.....	208	1,622,780	7,802	30	92,350	3,079	3	3,100	1,033	1,155	3,397,154	2,941	1,396
Kentucky.....	669	1,646,460	2,390	45	29,665	659	101	123,115	1,219	1,206	1,313,759	1,089	2,041
Louisiana.....	455	2,028,915	4,459	191	347,300	1,818	269	408,190	1,517	1,435	2,689,771	1,874	2,350
Maine.....	162	747,860	4,616	43	222,020	5,163	18	30,230	1,660	954	2,563,460	2,687	1,183
Maryland.....	95	440,935	4,641	45	45,750	1,017	2	35,950	1,997	302	423,341	1,402	460
Massachusetts.....	8	42,790	5,349	0	0	0	2	1,660	840	35	79,477	2,271	45
Michigan.....	234	1,700,715	7,263	22	103,300	4,695	21	59,780	2,847	739	1,494,713	2,023	1,016
Minnesota.....	301	2,277,270	7,566	204	356,620	1,748	27	60,600	2,244	905	1,317,739	1,454	1,016
Mississippi.....	552	2,342,550	4,204	89	179,950	2,012	1,017	1,156,870	1,138	2,245	2,670,248	1,189	3,903
Missouri.....	476	2,790,680	5,880	84	191,350	2,278	8	222,805	2,662	2,472	4,498,758	1,703	3,116
Montana.....	106	959,055	9,048	13	43,090	3,315	16	51,000	3,562	740	1,936,958	2,617	875
Nebraska.....	248	1,648,630	6,648	22	80,660	3,666	7	22,530	3,219	1,504	2,484,084	1,652	1,781
Nevada.....	12	118,400	9,867	0	0	0	2	9,675	4,818	18	67,447	3,747	32
New Hampshire.....	23	148,590	6,460	0	0	0	5	24,470	4,894	101	182,146	1,803	129
New Jersey.....	131	603,630	4,608	18	32,100	1,763	6	15,340	2,550	347	176,509	2,181	502
New Mexico.....	102	679,920	6,666	28	124,230	4,437	6	21,800	3,653	417	1,315,009	3,153	593
New York.....	200	1,947,320	9,238	8	62,580	7,822	25	121,600	4,864	680	1,997,165	1,907	913
North Carolina.....	839	2,714,330	3,235	375	639,215	1,678	486	513,865	1,057	2,381	4,380,846	1,840	4,081
North Dakota.....	281	1,987,360	7,001	635	698,361	1,100	16	16,300	1,019	1,313	1,970,248	1,501	2,285
Ohio.....	182	1,288,010	7,077	6	18,160	3,027	16	56,790	3,674	350	698,078	1,994	594
Oklahoma.....	395	2,403,070	6,084	116	287,675	2,480	163	546,165	3,351	2,186	3,731,578	1,707	2,860
Oregon.....	138	955,250	6,922	32	169,200	5,288	26	82,955	3,191	525	1,576,082	3,002	721
Pennsylvania.....	235	1,954,520	8,317	3	16,000	5,333	16	64,535	4,033	799	1,945,249	2,036	1,013
Rhode Island.....	504	1,253,425	2,146	258	278,320	1,079	866	409,410	473	1,703	1,327,529	2,122	2,803
South Carolina.....	279	2,571,090	9,215	24	30,860	1,286	1	300	1,095	300	2,797,529	1,643	2,007
Tennessee.....	499	1,445,815	2,897	75	88,410	1,179	76	104,660	1,377	1,662	1,965,548	1,183	2,312
Texas.....	1,062	7,094,330	6,677	608	1,923,440	3,164	270	573,445	2,124	5,731	12,343,978	2,154	7,671
Utah.....	127	821,745	6,470	28	49,000	4,455	28	76,060	2,716	432	1,194,948	2,765	598
Vermont.....	18	181,780	10,099	3	13,000	0	84	13,100	4,367	84	119,671	1,425	105
Virginia.....	159	581,660	3,658	90	151,980	1,689	85	95,110	1,119	542	921,134	1,699	876
Washington.....	233	1,768,700	7,591	25	150,210	6,008	5	29,310	5,862	870	2,724,936	3,131	1,133
West Virginia.....	121	442,150	3,654	15	25,005	1,667	124	252,410	2,036	420	656,031	1,562	680
Wisconsin.....	376	2,595,395	6,903	2	4,400	2,200	23	99,045	4,306	878	1,119,430	1,275	1,279
Wyoming.....	82	719,260	8,771	29	196,160	6,765	6	28,350	4,725	525	1,616,091	3,077	642
Hawaii.....	30	71,630	2,388	2	2,750	1,375	1	770	770	88	155,730	1,770	121
Puerto Rico.....	173	427,750	2,473	16	40,840	2,552	1	51,645	1,099	872	1,654,436	1,897	1,108
Virgin Islands.....	1	0	0	1	300	300	3	36,870	1,317	28	36,870	1,317	33

1/ Does not include loans from state rural rehabilitation corporation funds.

2/ Subsequent loan amounts include recoverable and non-recoverable loan costs such as advances for taxes and insurance, and filing fees. The average amounts exclude loan costs.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II - Total Operating Loans to Veterans Only, 1959 Fiscal Year, and Operating and Production and Subsistence Loans, Cumulative From Inception, November 1, 1946, Through June 30, 1959 1/

State and territory	1959 fiscal year										Cumulative - November 1, 1946 through June 30, 1959			
	Initial loans on family-type farms based on:					All subsequent loans					Total loans			
	Long-term plans			Annual plans		less-than-family-type farms			2/					
	Number	Amount	Average amount	Number	Amount	Number	Amount	Average amount	Number	Amount	Number	Amount	Number	Amount
U. S. Total.....	5,167	\$30,609,915	\$5,924	1,093	\$2,853,095	1,225	\$2,253,760	\$1,840	20,049	\$11,846,002	27,534	\$77,562,772	374,071	\$669,516,813
Alabama.....	176	499,380	2,837	98	119,610	16	14,600	912	830	1,035,541	1,220	1,669,131	17,234	16,619,882
Alaska.....	2	13,000	6,500	0	0	0	0	0	16	50,560	18	63,560	129	403,050
Arizona.....	10	113,850	11,985	4	34,600	2	24,000	12,000	29	137,641	45	316,091	1,130	3,791,187
Arkansas.....	209	1,042,995	4,990	67	199,485	88	180,325	2,049	701	1,333,833	1,065	2,756,638	17,648	23,788,893
California.....	31	296,330	9,559	13	113,870	13	39,790	3,061	103	356,596	160	806,366	4,176	11,729,752
Colorado.....	63	433,985	6,889	12	62,150	5,179	0	0	384	1,150,898	459	1,647,033	6,891	15,623,427
Connecticut.....	2	12,360	6,180	0	0	0	0	0	6	14,750	8	27,110	164	464,865
Delaware.....	1	800	800	0	0	0	0	0	6	7,360	7	8,160	194	272,741
Florida.....	33	138,390	4,194	31	91,840	22	29,650	1,348	267	555,236	353	815,116	6,449	9,498,816
Georgia.....	188	974,250	5,182	47	185,020	63	108,985	1,730	596	1,495,300	894	2,763,555	13,653	20,471,605
Idaho.....	124	958,355	7,729	4	14,090	8	26,120	3,265	675	2,195,907	811	3,194,466	9,879	24,169,791
Illinois.....	205	1,577,315	7,694	14	34,600	2,471	0	0	896	1,833,187	1,075	3,150,402	9,817	24,143,363
Indiana.....	143	1,184,010	8,280	5	12,540	2,908	15,600	3,120	392	947,826	545	2,159,976	5,894	15,721,106
Iowa.....	214	1,506,430	7,039	0	0	1	8,970	8,970	726	1,369,955	941	2,865,355	9,394	22,691,789
Kansas.....	94	736,940	7,840	9	38,400	4,267	0	0	475	1,486,420	579	2,262,660	8,341	17,929,453
Kentucky.....	266	657,665	2,472	5	5,750	1,150	51,495	1,355	517	594,215	826	1,309,125	11,373	12,058,846
Louisiana.....	148	794,090	5,365	40	75,680	1,892	121,855	1,716	417	943,932	2,283	1,935,557	11,197	16,694,573
Maine.....	72	316,170	4,391	11	57,100	5,191	9,190	1,532	397	1,135,605	486	1,518,065	4,122	9,655,337
Maryland.....	25	120,595	4,824	3	5,340	593	2,900	967	58	106,883	1,842	235,718	1,695	3,043,399
Massachusetts.....	2	18,000	9,000	0	0	0	0	0	10	23,500	12	41,500	405	907,365
Michigan.....	93	675,390	7,262	10	52,900	5,290	25,130	2,792	292	577,918	1,979	1,331,338	6,945	15,811,822
Minnesota.....	143	1,094,830	7,656	67	101,125	1,509	35,140	2,703	422	750,370	1,600	1,906,165	9,372	19,891,228
Mississippi.....	217	987,240	4,549	23	50,255	2,185	315,505	1,242	802	1,089,986	1,359	2,442,986	19,340	22,844,556
Missouri.....	211	1,226,570	5,813	24	48,230	2,010	90,140	2,732	1,184	2,108,285	1,781	3,473,225	16,426	28,676,244
Montana.....	51	470,180	9,219	5	26,450	5,290	27,540	3,442	323	840,660	2,603	1,364,830	7,243	17,135,990
Nebraska.....	136	897,610	6,600	12	52,210	4,351	11,340	2,835	772	1,274,955	1,651	2,236,115	7,846	16,562,709
Nevada.....	7	65,610	9,373	0	0	0	5,075	5,075	4	12,430	3,108	83,115	339	1,016,795
New Hampshire.....	3	12,080	4,027	0	0	0	0	0	43	79,820	1,856	91,900	695	1,668,706
New Jersey.....	25	110,260	4,410	5	7,700	1,540	6,500	6,500	179	213,807	2,274	338,267	1,876	3,998,741
New Mexico.....	45	328,115	7,291	9	41,360	4,596	5,000	5,000	234	595,650	3,327	970,075	4,426	9,465,340
New York.....	70	662,815	9,469	2	15,000	7,500	58,240	4,480	263	500,251	1,902	1,236,306	5,077	11,726,135
North Carolina.....	321	1,071,900	3,339	94	198,245	2,109	145,035	1,442	829	1,616,570	1,950	3,031,750	19,822	23,880,026
North Dakota.....	109	750,070	6,881	155	162,615	1,049	7,890	1,578	501	773,803	1,545	1,694,378	8,471	16,359,165
Ohio.....	89	637,915	7,168	1	1,470	1,470	20,280	3,380	167	345,920	2,071	1,005,585	4,222	10,697,172
Oklahoma.....	151	924,945	6,125	41	112,650	2,748	215,465	3,780	676	1,270,298	1,879	2,523,358	19,916	30,362,366
Oregon.....	48	351,895	7,331	11	49,305	4,482	41,710	3,792	218	635,328	2,914	1,078,238	3,627	8,988,911
Pennsylvania.....	87	676,960	7,781	0	0	0	33,790	5,632	288	585,150	2,032	1,295,900	5,541	12,390,915
Rhode Island.....	140	366,930	2,835	39	53,635	1,375	63,215	531	320	515,785	1,612	1,029,565	12,457	20,517,921
South Carolina.....	134	1,221,215	9,114	9	1,260	1,260	0	0	866	1,562,957	1,895	2,798,432	9,486	20,160,864
Tennessee.....	155	428,505	2,765	13	18,290	1,407	42,050	1,617	536	675,085	730	1,163,930	8,894	9,533,656
Texas.....	376	2,171,300	5,746	159	611,130	3,844	226,835	2,849	1,936	4,627,805	2,560	8,184,070	28,001	96,235,840
Utah.....	61	391,980	6,426	6	31,500	5,250	28,570	2,897	200	578,803	2,894	1,030,855	3,567	7,177,453
Vermont.....	11	100,970	9,179	0	0	0	3,550	3,550	37	59,150	1,898	163,670	709	1,592,471
Virginia.....	64	262,870	4,107	13	27,340	2,103	34,700	1,335	190	370,935	1,504	704,845	4,801	6,244,092
Washington.....	124	931,750	7,514	10	51,200	5,120	5,600	5,600	458	1,553,606	3,392	2,542,156	5,455	16,677,084
West Virginia.....	53	216,590	4,087	4	3,500	875	123,720	2,379	175	295,350	2,884	5,100,960	3,265	5,100,960
Wisconsin.....	178	1,248,260	7,013	1	4,000	4,000	20,975	3,496	414	564,732	599	1,837,967	7,884	17,519,359
Wyoming.....	32	286,560	8,955	6	59,800	9,967	14,000	14,000	241	726,552	3,063	1,068,912	5,593	13,124,872
Hawaii.....	5	8,100	1,620	1	450	450	11,615	1,659	28	56,120	2,004	65,440	556	1,088,965
Puerto Rico.....	20	52,590	2,630	4	8,400	2,100	0	0	116	261,110	2,382	353,715	3,201	3,627,940
Virgin Islands.....	0	0	0	0	0	0	0	0	2	3,620	1,510	3,620	45	62,925

1/ Does not include loans from state rural rehabilitation corporation funds.

2/ Subsequent loan amounts include recoverable and non-recoverable loan costs such as advances for taxes and insurance, and filling fees. The average amounts exclude loan costs.



UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table III - Operating and Production and Subsistence Loans, Mortgages and Collections,
Cumulative From November 1, 1946 Through June 30, 1959

State and territory	Cumulative loan obligations	Cumulative advances 1/2	Matured principal	Collections			Principal		Unpaid principal balance	Ratio of principal repayments to matured principal
				Principal repayments	Interest payments	Total	Write-offs	Judgments		
U. S. Total.....	\$1,556,450,091	\$1,554,639,021	\$1,220,431,581	\$1,161,195,725	\$113,702,699	\$1,274,898,424	\$11,679,194	\$1,801,978	\$779,962,924	95.14
Alabama.....	47,142,974	46,811,795	39,837,006	38,423,671	2,451,948	40,875,619	469,026	51,817	7,667,281	96.5
Alaska.....	7,684,094	655,880	655,880	655,880	65,843	718,723	0	0	240,511	87.9
Arizona.....	7,033,336	8,150,845	7,188,759	6,655,839	505,213	7,161,052	99,126	8	1,395,872	92.6
Arkansas.....	58,049,201	56,575,908	47,322,737	45,276,593	3,692,628	48,969,221	604,277	100,898	10,594,140	95.7
California.....	24,801,634	27,562,765	24,492,061	22,307,040	2,190,870	24,497,910	718,115	14,743	4,522,867	91.1
Colorado.....	36,670,407	36,380,151	30,387,900	27,354,643	2,650,464	30,005,107	177,591	82,426	8,765,491	90.0
Connecticut.....	1,250,327	1,395,344	1,133,997	1,059,347	117,432	1,176,779	21,997	4,346	309,654	93.4
Delaware.....	773,366	807,051	677,397	582,285	82,644	664,889	2,021	4,279	218,506	86.0
Florida.....	20,925,431	20,965,431	18,425,115	16,564,148	1,307,932	17,872,080	388,884	100,250	3,872,149	89.9
Georgia.....	58,493,462	58,304,848	48,409,519	46,383,183	2,986,495	49,369,678	825,706	91,381	11,004,578	95.8
Idaho.....	44,356,553	44,266,863	33,026,160	31,741,289	3,314,806	35,056,095	175,409	20,609	12,329,556	96.1
Illinois.....	46,207,177	46,688,177	34,012,392	33,046,731	3,554,569	36,571,106	218,504	17,408	13,615,528	97.1
Indiana.....	31,135,736	31,399,407	22,226,786	21,527,027	2,371,122	23,968,149	133,440	22,265	9,686,705	97.0
Iowa.....	43,517,796	43,582,058	28,924,608	28,867,314	3,483,302	32,350,616	11,759	10,172	14,592,813	99.8
Kansas.....	36,228,207	36,477,344	30,475,691	28,605,655	3,005,959	31,611,644	247,207	34,633	9,389,849	94.5
Kentucky.....	27,806,697	27,447,847	21,436,056	20,770,609	2,279,454	23,050,063	134,105	4,963	6,538,170	96.9
Louisiana.....	48,028,048	47,846,824	39,381,281	37,555,788	2,711,486	40,277,274	325,043	110,468	9,845,525	95.4
Maine.....	23,910,413	23,678,513	18,191,895	17,161,518	1,504,747	18,666,265	85,773	11,802	6,419,420	94.3
Maryland.....	9,735,412	9,878,281	7,595,989	6,870,297	1,013,742	7,884,039	94,241	2,146	2,951,597	91.5
Massachusetts.....	1,921,596	2,008,599	1,620,205	1,466,233	169,514	1,715,747	22,431	12,759	421,196	95.0
Michigan.....	34,345,521	34,567,684	25,112,055	23,643,818	3,533,689	27,177,507	275,034	23,402	10,625,630	94.2
Minnesota.....	58,205,618	57,606,062	47,305,153	44,222,392	3,770,123	47,992,515	960,648	67,159	9,792,655	98.6
Mississippi.....	55,542,304	55,237,125	43,709,192	42,343,786	3,957,325	46,301,111	188,768	28,338	12,676,233	96.9
Missouri.....	36,432,905	36,358,412	30,832,528	29,492,228	2,936,757	32,428,985	113,368	49,304	6,703,242	95.7
Montana.....	31,598,180	31,346,767	23,071,744	22,771,875	2,310,547	25,082,422	88,549	38,132	8,448,211	98.7
Nevada.....	2,225,815	2,267,982	1,867,966	1,755,147	213,451	1,968,598	27,170	901	488,764	94.0
New Hampshire.....	3,630,668	3,561,060	2,695,045	2,590,466	360,934	2,951,400	38,360	12,937	919,297	96.1
New Jersey.....	11,447,509	11,407,457	8,745,101	7,843,981	911,855	8,755,836	90,253	57,643	3,415,580	89.7
New Mexico.....	21,263,845	20,739,868	17,666,170	15,624,564	1,534,985	17,159,549	224,614	20,290	4,870,400	88.3
New York.....	30,094,766	30,060,742	21,447,949	20,229,470	3,013,582	23,243,052	312,225	83,751	9,435,296	94.3
North Carolina.....	74,931,499	74,611,706	62,758,664	61,325,987	3,790,161	65,116,148	480,511	58,964	12,746,244	97.7
North Dakota.....	36,743,090	35,997,107	22,462,651	21,937,689	3,048,349	24,986,038	104,840	92,300	13,862,338	97.7
Ohio.....	20,755,435	21,101,427	16,146,236	15,455,624	1,960,639	17,416,263	179,003	45,672	5,421,128	95.7
Oklahoma.....	70,439,454	68,883,115	57,098,022	54,476,254	5,684,156	60,360,412	233,544	34,302	14,139,015	95.4
Oregon.....	19,915,203	20,095,987	15,322,656	14,866,677	1,343,716	16,210,393	80,511	10,158	5,198,641	95.4
Pennsylvania.....	28,087,414	27,941,225	16,287,810	17,396,677	2,833,876	20,230,553	127,116	119,572	5,259,804	95.1
Rhode Island.....	330,517	325,855	280,916	286,240	43,174	329,414	1,998	5,517	5,251,717	94.8
South Carolina.....	41,655,191	41,596,587	37,353,480	35,185,723	1,982,566	37,168,286	65,248	60,963	5,251,717	95.3
South Dakota.....	36,628,665	36,099,038	27,371,083	25,336,579	3,024,590	28,361,169	74,164	27,363	12,650,632	95.7
Tennessee.....	26,852,126	26,865,224	21,052,080	20,099,456	1,862,293	21,961,749	205,756	2,030	6,557,982	95.5
Texas.....	126,764,605	125,098,242	108,065,665	98,115,798	9,081,146	107,226,944	1,432,300	89,506	37,320,738	90.8
Utah.....	15,668,148	15,042,624	11,200,323	10,811,374	1,259,631	12,071,005	43,309	20,952	4,167,289	96.5
Vermont.....	3,944,860	3,785,175	2,895,634	2,848,475	403,320	3,251,795	49,841	107	890,081	98.5
Virginia.....	16,000,303	16,037,039	12,719,704	12,018,046	1,110,897	13,128,943	96,138	16,078	3,906,827	94.5
Washington.....	31,928,738	32,540,206	24,001,997	22,442,918	2,352,871	24,795,789	30,709	45,165	9,914,548	93.5
West Virginia.....	11,341,726	11,128,893	7,549,885	7,115,608	1,048,506	8,164,114	30,775	7,376	3,975,200	94.2
Wisconsin.....	35,849,867	35,516,932	25,391,052	25,444,051	3,472,872	28,916,923	127,247	30,763	9,914,891	100.2
Wyoming.....	26,717,576	26,183,709	22,253,675	21,129,036	2,035,102	23,164,138	145,575	27,450	4,884,648	94.9
Hawaii.....	2,800,252	2,788,798	2,121,840	1,968,398	239,176	2,207,574	13,691	0	866,709	92.8
Puerto Rico.....	26,406,129	26,379,668	22,365,928	22,631,526	1,466,587	24,098,113	120,358	8,376	3,619,368	101.2
Virgin Islands.....	432,245	432,245	365,308	365,308	33,277	398,585	948	0	65,999	98.5

1/ Cumulative advances by states include the face amounts of individual notes owed by borrowers transferring from one state to another while still indebted.



Soil and Water Conservation Loans

During the 1959 fiscal year, a total of \$5,500,000 was available for direct soil and water conservation loans. In addition, an insured loan authorization of \$25,000,000 was available. A total of \$4,976,687 was obligated for direct loans. Insured loans during the year totaled \$2,491,665.

To make insured soil and water conservation loans more attractive to private lenders, the interest rate to lenders was increased from $3\frac{1}{2}$ percent to 4 percent in December 1958. This made the total charge to the borrower 5 percent including the 1 percent interest which the Government retains as an insurance charge. The interest rate on direct soil and water conservation loans was not raised at that time. However, the direct loan rate subsequently has been increased from $4\frac{1}{2}$ percent to 5 percent on all loans to individuals approved on and after September 1, 1959. The direct loan rate to associations remains at $4\frac{1}{2}$ percent. The operating margin on many association proposals is so small as to make it difficult if not impossible for many associations to operate successfully at a 5 percent rate.

1. Use of Loan Funds: Soil and water conservation loans continued to be made in 1959 primarily for irrigation and domestic water purposes. The amount of loan funds used strictly for soil conservation purposes was relatively small.

In 1959, about 67 percent of the total amount loaned to individuals was used for irrigation facilities, 7 percent for domestic water supplies, 8 percent for soil conservation practices and for the purchase of machinery and equipment to be used for construction and development work in connection with such soil conservation practices, 5 percent for drainage and 12 percent for pasture improvement. Of the total amount loaned to associations, 77 percent was used for domestic water supplies, 16 percent for irrigation and about 1 percent for the purchase of machinery and equipment to be used for construction and development work in connection with soil conservation services. Individuals receiving loans planned to irrigate about 53,000 acres and improve about 22,000 acres of pasture land.

About the same portion of the total direct and insured loans were made in the Southern and Midwestern States, which were not covered by the program prior to its extension under Public Law 597 in 1959, as in 1958. The total amount of direct and insured loans for the fiscal year 1959 in the 17 Western arid and semi-arid States was \$5,729,684. Loans in all other States and territories which were not previously covered by the program, totaled \$1,738,668.

2. Applications: During 1959, 1,770 applications for new loans from individuals and 73 applications from associations were received. On June 30, 1959, there were 484 applications from individuals and 86 applications from associations on hand. The annual volume of applications for soil and water conservation loans has proved to be very unpredictable. There was a slight decrease in applications in 1959 compared to 1958.

3. Number and Amount of Loans: The following table shows the number of both direct and insured soil and water conservation loans made in fiscal years 1958, 1959 and estimated for fiscal year 1960.

Soil and Water Conservation Loans

<u>Fiscal Year</u>	<u>Loans to individuals</u>		<u>Loans to associations</u>		<u>Total</u>
	<u>Initial</u>	<u>Subsequent</u>	<u>Initial</u>	<u>Subsequent</u>	
<u>1958 (Actual)</u>					
Direct					
Number	516	77	39	1	633
Amount	\$2,582,790	\$257,407	\$1,716,399	\$ 6,500	\$4,563,096
Insured					
Number	182	32	3	1	218
Amount	802,870	133,830	128,500	2,000	1,067,200
<u>1959 (Actual)</u>					
Direct					
Number	577	70	30	6	683
Amount	2,475,955	254,082	2,178,600	68,050	4,976,687
Insured					
Number	186	21	17	-	224
Amount	979,585	112,420	1,399,660	-	2,491,665
<u>1960 (Est.)</u>					
Direct					
Number	170	45	15	5	235
Amount	730,000	170,000	1,050,000	50,000	2,000,000
Insured					
Number	84	16	8	-	108
Amount	440,000	80,000	480,000	-	1,000,000

See Tables I and II for distribution by States

4. Repayments on Loans: Water facilities loans to individuals made prior to September 17, 1954 are on a principal maturity basis with payments scheduled during the year when agricultural income is normally received. Water facilities loans to associations while previously set up on this basis, recently have been converted to an annual amortized basis. All soil and water conservation loans to individuals and associations are on an amortized basis with annual payments due January 1. The following is a status of accounts reported on the basis of maturities and on an amortized basis as indicated.

Maturity Basis - Paid-Up Borrowers and Borrowers Owing Balances

Water Facilities Loans to Individuals as of June 30, 1959

<u>Loan Advances</u>	<u>Matured Principal</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Ratio of Principal Repayments to Matured Principal</u>
\$29,765,864	\$23,931,846	\$23,455,146	\$3,297,119	98.0%

Amortized Basis - Borrowers Owing Balances Only

<u>Loan Advances</u>	<u>Principal and Interest Cumulative Installments</u>	<u>Cumulative Regular Payments</u>	<u>Ratio of Payments to Installments</u>	<u>Extra Payments and Refunds</u>
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Water Facilities Loans to Associations as of December 31, 1958

\$ 6,984,764	\$ 3,072,512	\$3,197,228	104%	\$ 88,045
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Soil and Water Conservation Loans to Individuals as of January 1, 1959

\$32,596,036	\$10,890,972	\$9,985,827	92%	\$972,374
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Soil and Water Conservation Loans to Associations as of January 1, 1959

\$6,366,066	\$ 799,650	\$ 671,673	84%	\$110,627
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5. Program Summary: From inception of this new program on September 15, 1954 to January 1, 1959, 7,803 direct and insured loans to individuals had been made. On the same date 1,543 borrowers had paid in full their principal indebtedness of \$5,717,748 and had made interest payments of \$466,592, including insured loan charges. Of the 6,260 borrowers receiving loans of \$32,596,036 who still owe balances, 1,523 were ahead of their scheduled payments, 1,361 were behind their scheduled payments, and 3,376 were on schedule.

As of January 1, 1959, direct and insured loans had been made to 149 associations. Seven associations borrowing \$39,950 had paid in full. Of the 142 associations owing balances, 35 associations were ahead of schedule, 47 were behind schedule and 60 were on schedule as of January 1, 1959.

See Tables III, IV, V and VI for distribution by States

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Table I - Soil and Water Conservation Loans to Individuals and Groups: Number and Amount of Direct Loans,
1959 Fiscal Year and Cumulative From Inception, September 17, 1954, Through June 30, 1959

State and territory	1959 fiscal year											
	Loans to individuals				Loans to groups							
	Initial		Subsequent		Initial		Subsequent		Subsequent		Total amount to individuals and groups from Sept. 17, 1954 through June 30, 1959	
	Number	Amount	Average amount	Number	Amount	Number	Amount	Average amount	Number	Amount	11	12
U. S. Total.....	577	\$2,475,955	\$4,291	70	\$254,082	30	\$2,178,600	\$72,620	6	\$68,050	\$4,976,687	\$17,548,370
Alabama.....	5	6,900	1,380	0	0	0	0	0	0	0	6,900	40,370
Alaska.....	1	4,600	4,600	0	0	0	0	0	0	0	4,600	11,750
Arizona.....	2	12,900	6,450	0	44	0	0	0	0	0	12,944	26,192
Arkansas.....	0	0	0	0	10	0	0	0	0	0	39,176	39,176
California.....	44	280,605	6,377	3	24,175	0	0	0	0	0	304,780	1,054,419
Colorado.....	4	14,100	3,525	2	8,519	8	330,000	41,250	0	0	352,619	977,732
Connecticut.....	0	0	0	0	0	0	0	0	0	0	0	0
Delaware.....	0	0	0	0	0	0	0	0	0	0	0	0
Florida.....	14	84,400	6,029	0	9	0	0	0	0	0	84,409	627,469
Georgia.....	7	12,460	1,780	0	13	0	0	0	0	0	12,473	126,303
Idaho.....	44	289,555	6,581	7	46,870	2	157,200	78,600	0	0	443,625	1,301,006
Illinois.....	10	24,940	2,494	1	1,330	0	0	0	0	0	26,270	141,712
Indiana.....	5	12,000	2,400	0	0	0	0	0	0	0	12,000	15,543
Iowa.....	8	43,370	5,421	2	13,500	0	0	0	0	0	56,870	122,851
Kansas.....	1	2,200	2,200	0	11,676	0	0	0	0	0	13,876	1,119,590
Kentucky.....	15	34,450	2,297	1	4,055	2	500,000	250,000	0	0	538,505	1,092,780
Louisiana.....	4	16,060	4,015	0	0	0	0	0	0	0	16,060	125,639
Maine.....	0	0	0	0	0	0	0	0	0	0	0	10,065
Maryland.....	0	0	0	0	0	0	0	0	0	0	0	28,000
Massachusetts.....	0	0	0	0	0	0	0	0	0	0	0	0
Michigan.....	10	35,400	3,540	0	0	0	0	0	0	0	35,400	105,615
Minnesota.....	7	22,480	3,211	1	700	0	0	0	0	0	23,180	38,881
Mississippi.....	19	27,730	1,459	0	31	0	0	0	0	0	27,761	189,659
Missouri.....	17	42,345	2,491	0	0	0	0	0	0	0	42,345	246,795
Montana.....	25	95,270	3,811	3	7,936	3	143,300	47,767	1	10,000	256,506	787,186
Nebraska.....	10	39,510	3,951	12	37,067	0	0	0	0	0	76,577	1,220,906
Nevada.....	1	1,700	1,700	0	1	0	0	0	0	0	234,701	266,528
New Hampshire.....	0	0	0	0	0	0	0	0	0	0	0	0
New Jersey.....	5	8,700	1,740	0	0	0	0	0	0	0	8,700	125,080
New Mexico.....	4	11,930	2,982	2	11,218	0	0	0	0	0	23,148	33,699
New York.....	1	1,500	1,500	0	0	0	0	0	0	0	1,500	47,730
North Carolina.....	5	12,550	2,510	0	0	0	0	0	0	0	12,550	136,282
North Dakota.....	8	13,950	1,744	1	2,362	0	0	0	0	0	16,312	116,795
Ohio.....	1	2,340	2,340	0	0	0	0	0	0	0	2,340	30,450
Oklahoma.....	2	6,300	3,150	3	7,312	0	0	0	0	0	13,612	204,596
Oregon.....	44	147,040	3,342	5	17,990	3	114,300	38,100	0	0	279,330	578,247
Pennsylvania.....	1	1,000	1,000	0	0	0	0	0	0	0	1,000	285,666
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina.....	7	30,370	4,339	1	1,100	0	0	0	0	0	31,470	149,750
South Dakota.....	6	13,550	2,258	0	545	0	0	0	0	0	14,095	155,329
Tennessee.....	21	44,210	2,105	1	500	0	0	0	0	0	44,710	93,417
Texas.....	76	372,140	4,897	3	8,530	8	688,300	86,038	1	7,500	1,076,470	1,936,583
Utah.....	37	191,030	5,163	13	34,880	2	12,500	6,250	1	9,250	247,660	1,034,037
Vermont.....	0	0	0	0	0	0	0	0	0	0	0	8,480
Virginia.....	3	8,480	2,827	0	0	0	0	0	0	0	8,480	0
Washington.....	82	448,060	5,464	6	13,168	0	0	0	0	0	502,528	1,530,382
West Virginia.....	6	9,440	1,573	1	540	0	0	0	0	0	9,980	37,410
Wisconsin.....	4	16,080	4,020	0	0	0	0	0	0	0	16,080	36,260
Wyoming.....	7	27,680	3,954	0	1	0	0	0	0	0	27,681	572,761
Hawaii.....	4	6,630	1,658	0	0	0	0	0	0	0	6,630	14,980
Puerto Rico.....	0	0	0	0	0	0	0	0	0	0	0	612,406
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	10,000

Note: Loan costs representing such things as recoverable advances for taxes and insurance, the occasional purchase of a first mortgage, recording fees, etc., are included in the amount for subsequent loans and in the cumulative total column. Wherever an amount appears where there is no number of loans, the entire amount is for loan costs. Some of the loan costs are in connection with Water Facilities loans made in prior years.

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Table II - Soil and Water Conservation Loans to Individuals and Groups: Number and Amount of Insured Loans, 1959 Fiscal Year and Cumulative From Inception, September 17, 1954, Through June 30, 1959

State and territory	1959 fiscal year												Total amount to individuals and groups from Sept. 17, 1958 through June 30, 1959
	Loans to individuals					Loans to groups					Total amount to individuals and groups		
	Initial		Average amount	Subsequent		Initial Amount	Average amount	Subsequent					
	Number	Amount		Number	Amount			Number	Amount				
1	2	3	4	5	6	7	8	9	10	11			
U. S. Total.....	186	\$979,585	\$5,267	21	\$112,420	17	\$1,399,660	\$82,333	0	0	\$2,491,665	\$32,832,417	
Alabama.....	0	0	0	0	0	0	0	0	0	0	0	278,400	
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0	
Arizona.....	21	391,560	18,646	3	38,250	2	218,500	109,250	0	0	648,310	2,399,485	
Arkansas.....	12	38,290	3,191	2	2,750	0	0	0	0	0	41,040	2,131,850	
California.....	11	83,750	7,614	3	16,600	0	0	0	0	0	100,550	1,492,476	
Colorado.....	0	0	0	0	0	0	0	0	0	0	0	732,335	
Connecticut.....	0	0	0	0	0	0	0	0	0	0	0	4,500	
Delaware.....	0	0	0	0	0	0	0	0	0	0	0	18,750	
Florida.....	0	0	0	0	0	0	0	0	0	0	0	1,417,714	
Georgia.....	1	3,000	3,000	0	0	0	0	0	0	0	3,000	1,024,695	
Idaho.....	1	3,450	3,450	0	0	0	0	0	0	0	3,450	705,800	
Illinois.....	0	0	0	0	0	0	0	0	0	0	0	180,780	
Indiana.....	1	3,500	3,500	0	0	0	0	0	0	0	3,500	110,775	
Iowa.....	1	3,200	3,200	0	0	0	0	0	0	0	3,200	249,085	
Kansas.....	2	10,510	5,255	2	10,000	5	457,200	91,440	0	0	477,710	2,623,763	
Kentucky.....	0	0	0	0	0	1	250,000	250,000	0	0	250,000	314,980	
Louisiana.....	3	8,730	2,910	1	1,640	0	0	0	0	0	10,370	594,690	
Maine.....	0	0	0	0	0	0	0	0	0	0	0	3,708	
Maryland.....	0	0	0	0	0	0	0	0	0	0	0	80,785	
Massachusetts.....	0	0	0	0	0	0	0	0	0	0	0	30,465	
Michigan.....	1	9,000	9,000	0	0	0	0	0	0	0	9,000	576,020	
Minnesota.....	0	0	0	0	0	0	0	0	0	0	0	115,950	
Mississippi.....	9	27,650	3,072	3,072	0	0	0	0	0	0	27,650	1,457,665	
Missouri.....	0	0	0	0	0	0	0	0	0	0	0	547,910	
Montana.....	1	3,500	3,500	0	0	0	0	0	0	0	3,500	446,420	
Nebraska.....	4	20,400	5,100	1	2,500	0	0	0	0	0	22,900	2,388,333	
Nevada.....	0	0	0	0	0	0	0	0	0	0	0	257,935	
New Hampshire.....	0	0	0	0	0	0	0	0	0	0	0	0	
New Jersey.....	0	0	0	0	0	0	0	0	0	0	0	204,065	
New Mexico.....	18	69,030	3,835	2	9,000	1	13,000	13,000	0	0	91,030	1,764,290	
New York.....	0	0	0	0	0	0	0	0	0	0	0	110,255	
North Carolina.....	0	0	0	0	0	0	0	0	0	0	0	751,860	
North Dakota.....	0	0	0	0	0	0	0	0	0	0	0	73,835	
Ohio.....	1	12,150	12,150	0	0	0	0	0	0	0	12,150	92,420	
Oklahoma.....	7	26,550	3,793	0	0	0	0	0	0	0	26,550	1,806,251	
Oregon.....	6	20,260	3,377	0	0	2	60,000	30,000	0	0	80,260	450,215	
Pennsylvania.....	0	0	0	0	0	0	0	0	0	0	0	44,025	
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	
South Carolina.....	2	11,460	5,730	0	0	0	0	0	0	0	11,460	820,665	
South Dakota.....	0	0	0	0	0	0	0	0	0	0	0	36,805	
Tennessee.....	4	12,585	3,146	0	0	0	0	0	0	0	12,585	203,795	
Texas.....	8	42,600	5,325	1	6,680	2	150,500	75,250	0	0	159,780	3,868,426	
Utah.....	2	9,970	4,985	0	0	1	89,860	89,860	0	0	99,830	471,430	
Vermont.....	0	0	0	0	0	0	0	0	0	0	3,500	0	
Virginia.....	0	0	0	0	0	0	0	0	0	0	0	203,794	
Washington.....	4	13,850	3,462	0	0	2	15,700	7,850	0	0	29,550	553,910	
West Virginia.....	1	4,200	4,200	0	0	1	144,900	144,900	0	0	149,100	233,495	
Wisconsin.....	10	42,880	4,288	1	10,000	0	0	0	0	0	52,880	210,860	
Wyoming.....	0	0	0	0	0	0	0	0	0	0	0	280,445	
Hawaii.....	0	0	0	0	0	0	0	0	0	0	0	41,830	
Puerto Rico.....	55	107,510	1,955	5	15,000	0	0	0	0	0	122,510	411,380	
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	



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Table III - Water Facilities Loans to Individuals Made From 1938 Through September 17, 1954
and Maturities and Collections Through June 30, 1959

State	Cumulative loan obligations 1/	Cumulative loan advances 1/	Matured principal	Collections			Principal		Outstanding principal balance on loan advances	Ratio of principal repayments to matured principal
				Principal repayments	Interest payments	Total	Write-offs	Judgments		
	1	2	3	4	5	6	7	8	9	10
U. S. Total.....	\$29,695,363	\$29,765,864	\$23,931,846	\$23,455,146	\$3,297,119	\$26,752,265	\$43,287	\$30,318	\$6,237,113	98.0%
Arizona.....	1,807,256	1,808,649	1,179,403	1,145,818	208,787	1,354,605	45	506	662,280	97.2
Arkansas.....	1,400	2,385	1,345	760	252	1,012	0	0	1,625	49.2
California.....	2,669,948	2,675,824	2,138,788	2,130,682	315,684	2,446,366	4,497	0	540,645	99.6
Colorado.....	1,824,194	1,820,373	1,419,366	1,381,854	191,580	1,573,434	1,197	7,465	429,857	97.4
Idaho.....	1,943,602	1,955,133	1,561,204	1,548,438	222,724	1,771,162	131	0	406,564	99.2
Kansas.....	1,224,517	1,228,971	910,260	879,307	135,037	1,014,344	1,907	0	347,757	96.6
Missouri.....	52,975	56,725	32,320	30,870	6,455	37,325	0	0	25,855	95.5
Montana.....	1,846,941	1,859,687	1,524,561	1,473,206	215,663	1,688,869	1,331	7,934	377,216	96.6
Nebraska.....	2,193,825	2,199,023	1,749,348	1,722,912	225,504	1,948,416	3,409	0	472,702	98.5
Nevada.....	156,860	160,200	133,309	132,130	19,880	152,010	0	0	28,070	99.1
New Mexico.....	1,519,148	1,525,854	1,192,233	1,112,555	155,853	1,268,408	11,223	0	402,076	93.3
New York.....	4,000	4,675	4,675	4,675	673	5,348	0	0	0	100.0
North Dakota.....	456,785	455,193	394,868	387,023	44,589	431,612	47	300	67,823	98.0
Oklahoma.....	2,542,556	2,552,544	1,939,997	1,922,845	272,613	2,195,458	5,354	0	624,345	99.1
Oregon.....	1,491,800	1,484,723	1,263,184	1,235,916	161,768	1,397,684	1,702	4,180	242,925	97.8
South Dakota.....	534,778	533,245	438,664	412,826	58,368	471,194	894	295	119,230	94.1
Texas.....	4,258,951	4,276,173	3,935,989	3,906,181	416,314	4,322,495	5,172	993	363,827	99.2
Utah.....	1,513,593	1,525,738	1,113,425	1,090,374	214,937	1,305,311	613	240	434,511	97.9
Washington.....	2,506,410	2,511,845	2,032,753	1,989,680	302,619	2,292,299	3,836	8,147	510,182	97.9
Wyoming.....	1,145,824	1,128,904	965,954	947,094	127,819	1,074,913	1,929	258	179,623	98.0

1/ Amounts reflected are cumulative obligations from inception of the program, including \$2,292,858 obligations from "Loans, Grants and Rural Rehabilitation" funds. Loan advances represent charges to borrowers' accounts. The difference between obligations and advances represents non-cash advances and transfers of accounts between states for collection purposes.

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Table IV - Water Facilities Loans to Groups: Number of Groups, Amount Loaned From 1938 Through September 17, 1954, and Installments Due and Payments, Cumulative Through December 31, 1958

State	Groups paid in full			Groups with unpaid balance as of December 31, 1958								
	Total number of groups	Total amount loaned	Number	Payments			Number	Scheduled installments (principal and interest)	Total	Principal and interest payments		
				Total	Principal	Interest				Amount	As percent of schedule	Extra payments and refunds
1	2	3	4	5	6	7	8	9	10	11	12	
U. S. Total.....	260	\$7,419,681	38	\$490,005	\$434,917	\$55,088	222	\$3,072,512	\$3,285,273	\$3,197,228	104	\$88,045
Arizona.....	9	319,500	0	0	0	0	9	193,389	202,680	199,200	103	3,480
California.....	6	271,814	1	5,190	5,000	190	5	137,551	146,173	144,173	105	2,000
Colorado.....	36	900,967	5	56,273	46,785	9,488	31	376,082	406,950	395,593	105	11,357
Idaho.....	36	883,050	8	135,977	115,885	20,092	28	454,215	470,119	462,384	102	7,735
Kansas.....	2	36,750	0	0	0	0	2	12,461	13,378	13,378	107	0
Montana.....	16	476,081	2	11,421	10,800	621	14	260,784	272,720	264,861	102	7,859
Nevada.....	9	387,860	0	0	0	0	9	165,623	174,746	166,159	100	8,587
New Mexico.....	17	412,890	10	154,085	143,950	10,135	7	107,253	108,650	107,952	101	698
North Dakota.....	1	15,000	1	15,728	15,000	728	0	0	0	0	0	0
Oregon.....	15	505,207	0	0	0	0	15	204,703	222,825	219,906	107	2,919
Utah.....	44	1,264,056	6	70,300	61,821	8,479	38	488,029	534,501	513,454	105	21,047
Washington.....	62	1,707,592	3	19,104	16,812	2,292	59	537,378	595,324	572,961	107	22,363
Wyoming.....	7	238,914	2	21,927	18,864	3,063	5	135,044	137,207	137,207	102	0

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Table V - Soil and Water Conservation: Direct and Insured Loans to Individuals - Number of Borrowers, Amount Loaned and Payments, Cumulative From September 17, 1954 Through January 1, 1959

State and territory	Total number of borrowers	Borrowers paid in full or otherwise satisfied						Borrowers with unpaid balance as of January 1, 1959						Extra payments and refunds
		Total amount loaned	Payments			Number	Total	Interest and insurance charges	Scheduled installments (principal and interest)	Total	Regular and advance payments made on scheduled installments			
			Total	Principal	Interest						Amount	As percent of schedule		
1	2	3	4	5	6	7	8	9	10	11	12			
U. S. Total.....	7,803	\$38,313,784	1,543	\$6,184,340	\$5,717,748	\$466,592	6,260	\$10,890,972	\$10,958,201	\$9,985,827	92	\$972,374		
Alabama.....	71	314,470	19	60,102	55,960	4,142	52	96,567	109,305	101,031	105	8,274		
Alaska.....	1	6,990	0	0	0	0	1	2,651	2,651	2,651	100	0		
Arizona.....	139	1,873,188	21	203,527	187,068	16,459	118	363,092	364,781	321,912	89	42,869		
Arkansas.....	497	2,126,676	115	519,669	476,040	43,629	382	667,148	691,726	648,121	97	43,605		
California.....	350	2,133,845	63	342,042	316,806	25,236	287	373,391	414,637	358,736	96	55,901		
Colorado.....	130	630,992	32	96,665	90,253	6,412	98	166,212	188,764	144,301	87	44,463		
Connecticut.....	1	4,900	1	5,566	4,900	666	0	0	0	0	0	0		
Delaware.....	3	18,790	0	0	0	0	3	7,193	8,823	8,806	122	17		
Florida.....	382	1,985,133	57	296,757	272,325	24,432	295	643,516	601,691	585,918	91	15,773		
Georgia.....	292	1,142,336	91	293,959	269,952	24,007	201	314,661	343,422	302,285	96	41,137		
Idaho.....	225	1,348,215	19	91,971	85,522	6,449	206	272,209	272,195	239,379	88	32,816		
Illinois.....	116	301,972	28	65,545	61,142	4,403	88	77,184	78,251	74,769	97	3,482		
Indiana.....	42	142,825	11	32,904	30,395	2,509	31	40,278	45,271	40,371	100	4,900		
Iowa.....	90	327,525	13	32,897	30,170	2,727	77	84,622	100,580	86,662	102	13,918		
Kansas.....	304	2,457,703	41	241,202	222,906	18,296	263	758,103	722,255	675,026	89	47,229		
Kentucky.....	58	144,085	16	38,884	35,650	3,234	42	23,344	25,566	22,753	97	2,813		
Louisiana.....	149	669,172	27	107,800	99,830	7,970	122	200,073	202,593	168,573	84	34,020		
Maine.....	15	19,785	6	6,457	6,085	372	9	7,018	7,665	6,642	95	1,016		
Maryland.....	24	108,785	5	11,859	10,700	1,159	19	42,309	26,038	26,016	61	22		
Massachusetts.....	10	30,465	1	13,767	14,500	887	5	5,774	6,342	5,842	101	500		
Michigan.....	132	662,455	15	45,823	42,405	3,418	117	212,412	240,118	210,920	99	29,198		
Minnesota.....	39	110,730	8	16,108	15,050	1,058	31	26,561	29,306	26,255	99	3,051		
Mississippi.....	423	1,622,020	122	447,854	411,110	36,744	301	458,280	385,849	357,260	78	28,589		
Missouri.....	287	766,782	75	175,521	160,735	14,786	212	213,994	225,112	199,383	93	25,729		
Montana.....	91	365,586	8	29,878	27,160	2,718	83	83,012	114,259	87,405	105	26,854		
Nebraska.....	578	3,526,469	55	276,808	257,098	19,710	523	1,118,589	1,110,690	1,066,807	95	43,883		
Nevada.....	22	133,985	5	35,615	32,665	2,950	17	24,417	27,717	22,691	93	5,026		
New Hampshire.....	0	0	0	0	0	0	0	0	0	0	0	0		
New Jersey.....	62	268,945	6	27,938	26,350	1,588	56	115,626	103,690	102,106	88	1,584		
New Mexico.....	263	1,645,546	60	381,132	353,305	27,827	203	437,615	492,030	405,458	93	86,572		
New York.....	46	156,085	8	16,490	15,225	1,265	38	66,806	54,585	52,870	79	1,715		
North Carolina.....	256	862,012	63	218,349	202,640	15,709	193	334,759	324,144	303,258	91	20,886		
North Dakota.....	52	81,870	9	11,910	11,340	570	43	17,809	18,788	16,876	95	1,912		
Ohio.....	30	120,570	7	14,745	13,760	985	23	35,447	36,421	34,495	97	1,926		
Oklahoma.....	300	1,978,162	71	496,409	464,470	31,939	229	668,885	687,666	625,610	94	62,056		
Oregon.....	187	618,620	33	88,248	81,125	7,123	154	131,863	139,671	123,862	94	15,809		
Pennsylvania.....	42	82,843	13	22,818	21,120	1,698	29	20,757	25,298	21,405	103	3,893		
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0		
South Carolina.....	295	946,322	81	211,631	195,808	15,823	214	322,613	335,962	313,297	97	22,665		
South Dakota.....	39	176,940	6	17,141	15,935	1,206	33	36,510	36,408	32,056	88	4,352		
Tennessee.....	110	261,261	20	36,488	34,335	2,153	90	81,563	87,352	79,683	98	7,669		
Texas.....	675	4,611,902	148	829,630	765,860	63,770	527	1,433,283	1,366,594	1,265,421	88	101,173		
Utah.....	180	737,002	14	22,065	21,110	955	166	144,603	156,010	140,735	97	15,275		
Vermont.....	1	3,500	0	0	0	0	1	1,578	1,524	1,524	87	0		
Virginia.....	42	203,794	10	38,978	34,925	4,053	32	80,159	79,745	72,282	90	7,463		
Washington.....	201	975,863	13	36,321	33,625	2,696	188	160,395	166,549	144,776	90	21,773		
West Virginia.....	63	116,203	18	14,531	13,618	913	45	44,103	47,603	38,072	86	3,531		
Wisconsin.....	74	205,960	24	23,449	21,970	1,479	50	44,312	57,889	46,052	104	11,837		
Wyoming.....	55	256,595	8	34,992	32,885	2,107	47	87,170	77,974	69,963	80	8,011		
Hawaii.....	9	52,580	0	0	0	0	9	26,976	25,291	25,291	94	0		
Puerto Rico.....	376	945,330	77	149,875	141,515	8,360	299	312,804	293,885	277,526	89	16,359		
Virgin Islands.....	4	10,000	0	0	0	0	4	2,756	3,515	2,687	97	828		

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table VI - Soil and Water Conservation: Direct and Insured Loans to Groups - Number of Groups, Amount Loaned and Payments, Cumulative From September 17, 1954 Through January 1, 1959

State	Groups paid in full						Groups with unpaid balance as of January 1, 1959					
	Total number of groups	Total amount loaned	Payments				Number	Scheduled installments (principal and interest)	Principal and interest payments			
			Number	Total		Total			Regular and advance payments made on scheduled installments			
				Principal	Interest and insurance charges				Amount	As percent of schedule		
											Extra payments and refunds	
1	2	3	4	5	6	7	8	9	10	11	12	
U. S. Total.....	149	\$6,406,016	7	\$42,335	\$39,950	\$2,385	142	\$799,650	\$782,300	\$671,673	84	\$110,627
Arizona.....	3	128,500	0	0	0	0	3	18,483	27,922	18,397	100	9,525
Arkansas.....	4	7,150	3	4,185	3,950	235	1	2,038	2,738	2,038	100	700
California.....	3	178,000	0	0	0	0	3	15,217	15,217	15,217	100	0
Colorado.....	23	853,230	1	6,592	6,000	592	22	75,097	92,745	61,797	82	30,948
Idaho.....	18	226,035	1	8,378	8,000	378	17	55,954	72,198	61,592	110	10,606
Kansas.....	5	802,400	0	0	0	0	5	72,338	24,497	24,497	34	0
Kentucky.....	3	742,100	0	0	0	0	3	82,246	40,617	40,617	49	0
Louisiana.....	1	30,000	0	0	0	0	1	20,693	14,419	14,310	69	109
Minnesota.....	2	33,000	0	0	0	0	2	19,716	15,105	14,484	73	621
Montana.....	4	655,302	0	0	0	0	4	96,115	90,015	90,015	94	0
Nevada.....	4	155,100	1	10,295	10,000	295	3	27,300	42,950	28,200	103	14,750
New Jersey.....	1	35,500	0	0	0	0	1	9,456	6,697	4,998	53	1,699
New Mexico.....	3	69,500	0	0	0	0	3	14,010	16,433	15,972	114	461
North Carolina.....	1	16,549	0	0	0	0	1	177	0	0	0	0
North Dakota.....	6	97,940	1	12,885	12,000	885	5	24,396	23,370	23,370	96	0
Oregon.....	7	138,550	0	0	0	0	7	21,950	30,876	23,040	105	7,836
Pennsylvania.....	1	246,000	0	0	0	0	1	8,765	0	0	0	0
Texas.....	3	178,000	0	0	0	0	3	5,049	4,415	4,415	87	0
Utah.....	12	448,090	0	0	0	0	12	61,938	69,037	61,113	99	7,924
Washington.....	28	746,330	0	0	0	0	28	92,534	105,107	93,152	101	11,955
West Virginia.....	1	50,000	0	0	0	0	1	854	854	854	100	0
Wyoming.....	16	568,740	0	0	0	0	16	75,324	87,088	73,595	98	13,493

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(c) Disaster Loans, etc., Revolving Fund,
Department of Agriculture

STATUS OF PROGRAM

Establishment of Fund - Public Law 38, approved April 6, 1949 abolished the Regional Agricultural Credit Corporation and established the Disaster Loan Revolving Fund under the Secretary of Agriculture from the assets of the Corporation so abolished. The assets amounted to \$45,494,334.

Additional Appropriations - Public Law 202, approved October 24, 1951, appropriated \$30,000,000 for this fund. Public Law 175, 83rd Congress, approved July 31, 1953 appropriated \$130,000,000 as an addition to this fund. Of this amount, \$40,000,000 was specified for the furnishing of feed in disaster areas, which was later increased (Public Law 357, approved May 11, 1954) to \$50,000,000 with provision for furnishing emergency feed and seed assistance by means of advances to States or agencies thereof or otherwise. Public Law 85-58, approved June 21, 1957, authorized the use of an additional \$11,500,000 of the existing Revolving Fund for furnishing feed in the disaster areas.

Emergency Assistance Programs:

(1) Production emergency loans (including loans in the Great Plains Area) - Pursuant to Public Law 38, loans are made to eligible farmers and stockmen in designated areas at 3% interest who have suffered damage as the result of floods, storms, freezes, droughts, or similar disasters and who are unable to obtain needed credit from banks or other established sources to enable them to continue their operations. Public Law 38 also authorized loans to bona fide fur farmers, which authority expired June 30, 1953 except for further supplementary advances to farmers presently indebted as authorized by Public Law 255, approved August 13, 1953 for a five-year period which ended June 30, 1958. Public Law 665, approved August 5, 1950, provided for loans to orchardists in the State of Washington which authority expired August 5, 1953.

(2) Economic emergency loans - Public Law 115, 83rd Congress, approved July 14, 1953, authorized loans (which are made at 3% interest) in any disaster area declared by the President under Public Law 875, (42 USC 1855) if the Secretary finds that an economic disaster has also caused a need for agricultural credit that cannot be met temporarily by regularly established lending institutions, including the regular programs of the Farmers Home Administration.

(3) Special livestock loans - Public Law 115 also authorizes loans at 5% interest to established livestock producers who are temporarily unable to secure credit from recognized lenders and who have a reasonable chance of working out their difficulties with supplementary financing. This authority was originally for two years subsequent to July 14, 1953 but was extended through 1957 for loans to new borrowers and through 1961 by Public Law 85-516, approved July 11, 1958, for loans to borrowers already indebted who need supplementary financing.

(4) Special emergency loans - Public Law 727, approved August 31, 1954, authorized the Secretary until June 30, 1955, to make special emergency loans up to a total of \$15,000,000 in areas where he found a need for credit which could not be met by regular financial institutions, the Farmers Home Administration under its regular loan programs, or through authorities contained in Public Law 38. Such loans were made at 3% interest. Activity under this program was extended through the 1956 and 1957 fiscal years by Public Law 117, approved June 30, 1955. The program was again extended by Public Law 878 approved August 1, 1956. The limitation was increased to \$65,000,000. The authority expired June 30, 1959.

(5) Emergency assistance in furnishing feed and seed - Public Law 115 authorized the furnishing of feed for livestock and seed for planting to established farmers and ranchers and stockmen in connection with any major disaster determined by the President to warrant Federal assistance under Public Law 875 (42 USC 1855). Under this authority, feed grain and concentrates, principally cottonseed meal, corn, wheat, oats, and mixed feeds, were furnished at less than market cost to eligible farmers in designated areas through the facilities of the Commodity Stabilization Services, the Farmers Home Administration, and special State and local drought committees. Beginning with fiscal year 1955, under authority of Section 407 of the Agricultural Act of 1949, amended by Public Law 480, 83rd Congress, the unrecovered costs of feed furnished and related handling and transportation costs are borne by the Commodity Credit Corporation, as described in the budget estimates for the Corporation. Administrative expenses are chargeable to the \$50,000,000 limitation furnished by Public Law 175 and the added \$11,500,000 limitation authorized by Public Law 85-58, as described above.

In the fiscal years 1954, 1955 and 1956, the emergency hay program was conducted through agreements with States under which the Department contributed a definite sum to the State to defray one-half the cost of distribution of the hay (not to exceed \$10 per ton) and the State assumed full responsibility for purchasing and distributing the hay to farmers eligible. The program in 1957 was conducted by the Farmers Home Administration whose county committees were responsible for determining the eligibility of applicants and approving the amount of assistance. Agreements are entered into with States in specified amounts. Assistance to individual farmers was based on a Federal contribution of \$7.50 per ton of hay and roughage actually purchased by farmers. Certificates redeemable for cash were issued by the Farmers Home Administration. Advances were made to States to enable the States to redeem these certificates on which certification was made by the farmers and the dealer that the tonnage specified had been purchased.

Beginning about July 1, 1957, all emergency feed and seed activity was placed with the Commodity Stabilization Service. As of June 30, 1959, there remained available for this program approximately \$2,794,000.

Special Agricultural Conservation Program Assistance in Disaster Areas - In addition to the above emergency disaster activities financed in whole or in part from this fund, special conservation assistance is also provided farmers and ranchers in disaster areas. This work is explained in more detail in the justifications of the Agricultural Conservation Program Service.

Cumulative Activity Under the Various Loan Authorizations to June 30, 1959:

<u>Principal Advances</u>	<u>Principal Maturities</u>	<u>Principal Repayments</u>	<u>Principal Outstanding</u>	<u>Interest Payments</u>	<u>Percent Principal Repayments to Maturities</u>
<u>Production Emergency Loans</u>					
\$344,955,439	\$310,512,650	\$291,730,196	\$50,212,658	\$9,200,892	93.9%
<u>Economic Emergency Loans</u>					
\$100,529,227	\$98,521,694	\$ 90,809,570	\$ 9,452,854	\$3,228,574	92.2%
<u>Special Emergency Loans</u>					
\$ 30,324,334	\$28,835,319	\$ 27,197,615	\$ 3,105,562	\$ 549,967	94.3%
<u>Fur Loans</u>					
\$ 5,656,829	\$ 5,630,429	\$ 5,358,028	\$ 214,047	\$ 323,424	95.2%
<u>Orchard Loans</u>					
\$ 267,130	\$ 267,130	\$ 264,241	2,889	5,957	98.9%
<u>Special Livestock Loans</u>					
\$ 87,201,640	\$83,958,021	\$ 76,421,030	\$10,346,386	\$5,120,196	91.0%

In addition to the programs listed above, the Farmers Home Administration is servicing the loans receivable of the Regional Agricultural Credit Corporation outstanding at the time this Corporation was abolished. A total of \$327,818 in principal and interest has been collected on these loans to June 30, 1959 principal write-offs totaled \$852,742 and \$40,149 principal has been reduced to judgment.

Except for the Regional Agricultural Credit Corporation loans, there has been no general authority to write off uncollectible balances of loans made under authorities contained in Public Law 38, except some write-offs that are permissible under bankruptcy laws and other specific legislation. Considerable use is being made of the new write-off authority contained in Public Law 878, approved August 1, 1956. This law amended the Bankhead-Jones Farm Tenant Act to extend the cancellation, compromise and adjustment authority previously available under that Act and broadened the authorities to include loans made under Public Law 38. Since inception of the various loan programs, principal write-offs to June 30, 1959 totaled \$2,674,425, including \$2,581,036 written off since August 1, 1956. A total of \$710,874 has been reduced to judgments.

1959 loan program: During 1959 a total of \$39,850,809 was obligated for production and economic emergency, special emergency and special livestock loans. There continued to be substantial activity, although at a reduced rate

in the Southwest and middle Great Plains States where there was a continuing need to provide credit assistance to farmers and ranchers who were still indebted for previous loans, as well as some need to make loans to other operators. The extremely wet weather experienced by farmers in the Mississippi Delta area created a demand for production emergency in both 1958 and 1959. The heaviest Mississippi Delta activity in 1959 was in Mississippi, Missouri and Louisiana. Production emergency loans made under the special program for the Great Plains area totaled \$8,912,000 compared to \$12,065,000 during 1958.

The number of counties designated for initial emergency loan assistance in 1959 was the lowest of any year since the program was first authorized. A total of 386 counties were designated of which 150 represented a carry-over designation under the special Great Plains program. The number of 386 compares to a high of 2,215 counties designated in 1956. There were no new designations in 1959 for special emergency loans. About 98 percent of the subsequent special emergency loan volume was in the State of Maine.

During fiscal year 1959, there was a marked decline in the number of borrowers indebted for emergency and special livestock loans. On June 30, 1958, a total of 26,451 borrowers were indebted and actively farming with emergency credit assistance compared to only 14,389 on June 30, 1959. This is the lowest number of indebted active borrowers since the first full year of Public Law 38 activity in 1950. On June 30, 1950, a total of 22,971 borrowers were indebted for emergency loans.

Emergency, special livestock and other loans approved and obligated from the Disaster Loan Revolving Fund during the 1959 fiscal year were as follows:

	<u>Initial</u>		<u>Subsequent</u>		<u>Total</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Production						
emergency..	4,964	\$18,387,215	4,859	\$14,962,271	9,823	\$33,349,486
Economic						
emergency..	4	15,710	743	1,374,090	747	1,389,800
Special						
emergency..	-	-	591	2,426,908	591	2,426,908
Special live-						
stock.....	-	-	244	2,684,615	244	2,684,615
Total....	4,968	18,402,925	6,437	21,447,884	11,405	39,850,809

1960 Loan Program: During the 1960 fiscal year, production and economic loans will be provided on the same basis as in 1959. The production emergency loan activity during the year is expected to be somewhat less than in fiscal year 1959. This also applies to economic emergency loans which are made only in areas designated by the President as eligible for assistance under Public Law 875. The only economic emergency loans anticipated in 1960 will be to indebted borrowers. As indicated, the authority for special emergency loans expired June 30, 1959. Henceforth this type of activity will be handled generally with farm operating loans under Title II of the Bankhead-Jones Farm Tenant Act, as amended.

Special livestock loans will be available for farmers, ranchers and stockman already indebted to continue their livestock operations during the 1960 fiscal year. Good progress has been made by many livestock producers in recovering from a long series of reverses. More favorable weather and favorable prices have combined to assist producers in making substantial loan repayments during 1959. Special livestock loan losses, however, are expected to exceed emergency loan losses.

As a result of anticipated reduced activity in 1960, there will be a reduction in the amount of funds being used by the Farmers Home Administration from the Disaster Loan Revolving Fund for administrative expenses. For this reason, the Farmers Home Administration found it necessary to reduce personnel at all levels of operation during the early months of 1960.

Disaster Loans, etc., Revolving Fund

Statement of Funds Available, and Obligations Cumulative From Inception of Fund on April 6, 1949,
to June 30, 1958, Fiscal Year 1959 and Estimates for Fiscal Years 1960 and 1961

	Cumulative from April 6, 1949, thru June 30, 1958	1959	1960 estimated	1961 estimated
Funds available:				
By appropriation:				
For establishment of revolving Fund for production disaster loans and transfer of net assets (cash) of the Regional Agricultural Credit Corporation to the Fund (P.L. 38, approved April 6, 1949) a/.....	\$45,494,334	.....	.....	.....
For flood rehabilitation in the Midwest area (P.L. 202, approved October 24, 1951).....	30,000,000	.....	.....	.....
For assistance to farmers and stockmen through economic disaster loans, special livestock loans, and emergency assistance in furnishing feed and seed (P.L. 175, approved July 31, 1953).....	130,000,000	.....	.....	.....
Balance available from prior fiscal year.....	434,354,918	\$31,598,139	\$62,419,634	\$69,771,484
Receipts - Principal and interest collection on loans.....		74,820,743	42,796,050	28,570,850
Total available.....	639,849,252	106,418,882	105,215,684	98,342,334
Obligations:				
Loans made.....	530,050,998	39,850,309	32,050,000	30,200,000
Hay and roughage program.....	25,349,869	.....	.....	.....
Transportation and other costs in connection with emergency feed furnished to farmers and stockmen.....	27,900,000	.....	.....	.....
Administrative expenses:				
Loan programs.....	19,639,585	4,003,632	3,229,200	2,829,200
Emergency feed program.....	5,310,661	145,307	165,000	110,000
Total obligations.....	608,251,113	43,999,248	35,444,200	33,139,200
Unobligated balance.....	31,598,139	62,419,634	69,771,484	65,203,134

a/ In addition, net assets (other than cash) of \$363,811 were acquired from the Regional Agricultural Credit Corporation.



UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Loans Made From the Disaster Loan Revolving Fund Under Public Laws 38 and 727, as Amended,
During 1959 Fiscal Year

State and territory	Production Emergency loans		Economic Emergency loans		Special Emergency loans		Special Livestock loans		Total loans	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
U. S. Total.....	9,823	\$33,349,486	747	\$1,389,800	591	\$2,426,908	244	\$2,684,615	11,405	\$39,850,809
Initial loans.....	4,964	18,387,215	4	15,710	0	0	0	0	4,968	18,402,925
Subsequent loans.....	4,859	14,966,126	743	1,374,090	591	2,426,908	244	2,684,615	6,437	21,447,884
Loan costs $\frac{1}{2}$		56,145		0		18		0		56,163
Alabama.....	25	11,700	1	1,500	1	6,980	0	0	27	20,180
Alaska.....	0	0	0	0	0	0	0	0	0	0
Arizona.....	0	0	0	0	0	0	0	0	0	0
Arkansas.....	875	2,891,970	38	64,620	0	0	1	2,000	914	2,958,590
California.....	0	54	0	0	0	0	2	31,650	2	31,704
Colorado.....	92	420,220	0	0	3	7,230	13	146,705	108	574,155
Connecticut.....	2	32,470	0	0	0	0	0	0	2	32,470
Delaware.....	1	6,590	0	0	0	0	0	0	1	6,590
Florida.....	109	1,786,637	1	7,000	0	0	0	0	110	1,793,637
Georgia.....	3	530	0	0	0	0	0	0	3	530
Idaho.....	3	13,000	0	0	0	0	2	57,940	5	70,940
Illinois.....	36	103,280	0	0	0	0	0	0	36	103,280
Indiana.....	15	43,115	0	0	0	0	0	0	15	43,115
Iowa.....	0	0	0	0	0	0	0	0	0	0
Kansas.....	438	3,711,014	2	3,300	0	0	3	17,375	443	3,731,689
Kentucky.....	10	6,450	0	0	0	0	0	0	10	6,450
Louisiana.....	817	1,632,328	3	34,350	0	0	0	0	820	1,666,678
Maine.....	0	0	0	0	567	2,374,508	0	0	567	2,374,508
Maryland.....	1	3,000	0	0	0	0	0	0	1	3,000
Massachusetts.....	6	27,130	0	0	0	0	0	0	6	27,130
Michigan.....	3	40,050	0	0	0	0	0	0	3	40,050
Minnesota.....	15	17,106	0	0	4	9,990	0	0	19	27,096
Mississippi.....	1,886	3,257,157	7	4,330	2	1,080	0	0	1,895	3,262,567
Missouri.....	911	2,399,620	7	10,990	5	5,050	2	3,050	925	2,418,710
Montana.....	0	9	0	0	0	0	16	112,395	16	112,404
Nebraska.....	0	0	0	0	0	0	0	0	0	0
Nevada.....	2	4,316	0	0	0	0	1	65,600	3	69,916
New Hampshire.....	2	5,600	0	0	0	0	0	0	2	5,600
New Jersey.....	4	35,046	1	500	0	0	0	0	5	35,546
New Mexico.....	89	417,236	1	3,560	0	0	14	135,490	104	556,286
New York.....	1	691	0	0	2	19,000	0	0	3	19,691
North Carolina.....	9	33,640	1	400	2	1,750	0	0	12	35,790
North Dakota.....	0	0	0	0	1	150	0	0	1	150
Ohio.....	1	3,000	0	0	0	0	0	0	1	3,000
Oklahoma.....	389	1,079,808	17	12,900	0	0	7	38,430	413	1,131,138
Oregon.....	0	0	0	0	0	0	7	79,780	7	79,780
Pennsylvania.....	2	37,567	0	0	0	0	2	37,567	2	37,567
Rhode Island.....	0	0	0	0	0	0	0	0	0	0
South Carolina.....	33	222,086	0	0	4	1,170	0	0	37	223,256
South Dakota.....	2	1,982	0	0	0	0	5	11,815	7	13,797
Tennessee.....	263	409,774	1	300	0	0	0	0	264	410,074
Texas.....	3,648	13,366,601	667	1,246,050	0	0	158	1,740,730	4,473	16,353,381
Utah.....	0	8	0	0	0	0	11	193,935	11	193,943
Vermont.....	0	0	0	0	0	0	0	0	0	0
Virginia.....	16	404,780	0	0	0	0	0	0	16	404,780
Washington.....	102	808,940	0	0	0	0	0	0	102	808,940
West Virginia.....	2	47,340	0	0	0	0	0	0	2	47,340
Wisconsin.....	1	2,000	0	0	0	0	0	0	1	2,000
Wyoming.....	9	65,172	0	0	0	0	2	47,720	11	112,892
Hawaii.....	0	0	0	0	0	0	0	0	0	0
Puerto Rico.....	0	509	0	0	0	0	0	0	0	509
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0
Average amount of loans										
Initial.....		\$3,704		\$3,928		\$4,106		\$4,106		\$11,003
Subsequent.....		3,068		1,849						

1/ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. Loan costs will appear opposite some states reporting no number of loans.

Table II - Loans Made From the Disaster Loan Revolving Fund Under Public Laws 38 and 727, as Amended, Cumulative From Inception of Each Program Through June 30, 1959

State and territory	Production Emergency loans			Economic Emergency loans			Special Emergency loans			Special Livestock loans			Fur loans			Total loans		
	Number	Amount	2	Number	Amount	3	Number	Amount	6	Number	Amount	8	Number	Amount	10	Number	Amount	12
U. S. Total.....	202,114	\$245,748,544		71,131	\$100,512,518		26,308	\$30,943,348		9,018	\$27,225,536		653	\$5,471,362		310,124	\$569,801,308	
Initial loans.....	149,778	250,285,300		48,588	74,282,684		23,567	24,668,783		1,702	40,645,288		524	2,673,767		286,959	596,158,782	
Subsequent loans.....	52,336	95,463,244		22,543	26,229,834		2,741	6,274,565		5,216	40,645,248		329	2,797,635		171,150,333	171,150,333	
Loan costs 1/.....		311,133						760								311,155	311,155	
Alabama.....	8,469	6,347,917		246	285,125		329	212,996		47	253,210		0	0		9,091	7,099,248	
Alaska.....	0	0		0	0		0	0		0	0		0	0		0	0	
Arizona.....	28	69,419		0	0		40	197,335		38	940,435		0	0		106	1,207,189	
Arkansas.....	15,013	25,677,442		8,951	12,164,780		490	440,412		599	896,965		0	0		25,053	39,169,599	
California.....	974	5,408,613		0	0		0	0		33	1,032,000		3	16,600		1,010	6,451,213	
Colorado.....	3,881	11,852,382		274	408,055		111	351,193		799	9,803,095		142	1,418,427		5,207	23,893,152	
Connecticut.....	58	347,723		0	0		0	0		0	0		0	0		58	347,723	
Delaware.....	50	169,955		0	0		0	0		0	0		0	0		50	169,955	
Florida.....	711	6,406,592		84	716,315		0	0		78	1,074,615		0	0		873	8,197,822	
Georgia.....	10,067	12,751,312		0	0		314	355,305		54	432,280		0	0		10,435	13,538,977	
Idaho.....	218	1,211,698		0	0		56	206,735		70	1,758,290		21	88,240		365	3,264,963	
Illinois.....	597	803,875		0	0		406	555,085		16	125,475		0	0		1,026	1,820,820	
Indiana.....	72	119,262		0	0		183	284,760		11	170,900		14	112,735		280	687,657	
Iowa.....	311	253,200		0	0		613	580,288		2	4,000		0	0		926	837,488	
Kansas.....	5,085	16,268,157		2,201	3,892,285		0	0		303	4,422,165		0	0		7,589	24,542,607	
Kentucky.....	1,219	671,956		1,131	667,790		0	0		43	76,120		0	0		2,393	1,415,866	
Louisiana.....	5,211	7,837,442		2,578	2,602,260		0	0		16	125,475		0	0		7,805	10,565,177	
Maine.....	194	303,135		1,311	2,895,745		2,743	8,793,433		0	0		0	0		4,248	11,992,313	
Maryland.....	59	220,589		0	0		0	0		1	1,200		0	0		60	221,789	
Massachusetts.....	116	572,672		0	0		7	13,000		0	0		1	5,000		124	590,672	
Michigan.....	231	780,092		0	0		0	0		5	42,500		96	825,187		332	1,647,779	
Minnesota.....	1,347	1,333,779		0	0		2,006	2,113,540		6	25,195		15	87,883		3,374	3,560,397	
Mississippi.....	18,125	25,782,083		3,361	3,362,555		1,162	545,475		5	34,595		0	0		22,653	29,694,708	
Missouri.....	15,005	25,256,543		5,943	6,908,518		1,648	1,580,065		1,351	2,032,120		0	0		23,947	35,777,246	
Montana.....	400	769,596		0	0		0	0		446	6,523,733		1	3,000		687	7,296,729	
Nebraska.....	73	107,398		0	0		1,114	1,257,080		11	227,240		0	0		1,198	1,591,718	
Nevada.....	48	443,470		0	0		0	0		79	1,856,500		0	0		127	2,300,370	
New Hampshire.....	24	139,395		0	0		0	0		7	5,910		0	0		31	145,305	
New Jersey.....	365	1,029,667		111	447,385		60	118,450		74	111,300		11	31,300		621	1,738,102	
New Mexico.....	1,288	3,466,363		1,068	2,430,770		0	0		886	8,675,900		1	2,260		3,243	14,775,293	
New York.....	240	1,604,922		5	15,365		51	359,360		42	51,070		14	211,873		352	2,332,580	
North Carolina.....	8,369	7,187,415		6,076	5,826,256		1,086	253,685		2	4,915		0	0		15,469	14,122,311	
North Dakota.....	13,915	10,265,180		0	0		10,718	9,436,683		5	17,485		0	0		24,768	19,685,338	
Oklahoma.....	9,271	10,754,673		4,969	4,335,256		18	55,135		11	26,847		1	1,500		14,911	20,578,337	
Oregon.....	168	876,272		0	0		0	0		50	908,510		15	116,020		233	1,900,802	
Pennsylvania.....	148	459,051		1	1,500		0	0		103	137,760		5	17,000		237	615,311	
Rhode Island.....	28	86,547		0	0		0	0		0	0		0	0		28	86,547	
South Carolina.....	15,859	11,777,518		0	0		1,335	792,415		2	10,870		0	0		17,196	12,580,803	
South Dakota.....	6,044	7,738,910		0	0		1,722	1,677,268		170	1,762,930		3	15,000		7,999	8,194,138	
Tennessee.....	4,330	3,374,207		2,145	1,383,555		0	0		58	75,190		0	0		6,533	4,832,952	
Texas.....	51,455	125,754,767		30,064	51,880,948		0	0		3,433	33,053,305		0	0		84,952	210,659,020	
Utah.....	119	538,667		0	0		0	0		143	2,324,490		134	194,045		396	3,357,202	
Vermont.....	86	220,420		0	0		0	0		5	9,180		0	0		91	229,600	
Virginia.....	597	3,477,286		610	384,515		0	0		76	240,640		0	0		1,283	4,102,441	
Washington.....	625	3,807,013		0	0		0	0		4	131,195		80	485,975		709	4,424,183	
West Virginia.....	21	223,985		1	1,000		0	0		47	27,465		0	0		69	252,450	
Wisconsin.....	353	462,607		0	0		0	0		0	0		73	1,092,957		426	1,555,564	
Wyoming.....	572	2,029,164		1	2,500		21	34,430		115	2,141,810		2	3,100		711	4,211,004	
Guam.....	54	76,130		0	0		0	0		7	49,375		0	0		61	125,505	
Puerto Rico.....	368	892,513		0	0		0	0		1	16,000		0	0		369	908,513	
Virgin Islands.....	0	0		0	0		0	0		0	0		0	0		0	0	
Initial.....		\$1,670			\$1,529			\$1,038			\$9,906			\$8,870				
Subsequent.....		1,818			1,163			2,363			7,792			7,896				
Washington.....		\$267,130														48	267,130	

1/ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. Such costs related to Economic Emergency, Special Livestock and Fur loans are included in the amount for Production Emergency loans.

(d) Farm Tenant-Mortgage Insurance Fund,
Farmers Home Administration

This fund was established pursuant to Sections 11(a) and 12(e)(2) of the Bankhead-Jones Farm Tenant Act, as amended, which authorized the appropriation of not to exceed \$25,000,000 for the establishment of the mortgage insurance fund. The sum of \$1,000,000 was appropriated in the Department of Agriculture Appropriation Act, 1948, as the initial capital for this fund. The authority for insuring loans as contained in the Bankhead-Jones Farm Tenant Act is restricted to farm ownership loans under Title I. Public Law 597, approved August 17, 1954, amending the Water Facilities Act of 1937, also authorizes the use of this Fund for insuring loans for soil and water conservation purposes.

The \$1,000,000 appropriation is supplemented by initial and annual charges collected from insured loan borrowers and by such initial fees for inspection, appraisal and other charges in connection with farm ownership loans as the Secretary of Agriculture finds necessary. One-half of the initial and annual charges collected as the premium for insurance, and such amounts as are appropriated to the Fund under Section 11(a), are available for payments with respect to insured loans. In addition, Sections 13(b) and (c) authorize borrowing from the Secretary of the Treasury any additional funds needed. Moneys not needed for current operations may be invested in direct obligations of the United States. The other one-half of the initial and annual charges, together with such fees for inspection, appraisal and other charges as the Secretary of Agriculture may determine in connection with farm ownership loans are available for administrative expenses in carrying out the insured loan programs. It is estimated that receipts derived from these sources during the fiscal year 1960 available for administrative expenses in 1961 will amount to approximately \$1,065,000.

Assets of the capital fund, including receivables, are estimated to be approximately \$41,396,000 at June 30, 1960. The investment of the Government on this date is estimated to consist of \$31,920,000 in borrowing from the Treasury, \$1,000,000 in appropriations and \$8,470,385 in retained earnings.

Public Law 85-748 included amendments to Title I of the Bankhead-Jones Farm Tenant Act authorizing the use of funds in the Farm Tenant-Mortgage Insurance Fund to make loans which when aggregated in blocks would subsequently be sold on an insured loan basis to private lenders. There must be reasonable assurance that the loans can be sold without undue delay in order to use this special authority. Not in excess of \$5,000,000 in such loans may be held in the Fund at any one time.

Insured loan activity since 1948 and estimated for 1960 fiscal year is shown in the following table:

Loans Insured by Fiscal Year

Fiscal Year	Number of Initial Loans			Amount of Initial and Subsequent Loans		
	Farm Ownership	Soil and Water Conservation	Total	Farm Ownership	Soil and Water Conservation	Total
1948	338:	- -	338:	\$ 2,412,837:	- -	\$ 2,412,837
1949	1,149:	- -	1,149:	7,937,241:	- -	7,937,241
1950	2,191:	- -	2,191:	16,586,860:	- -	16,586,860
1951	2,150:	- -	2,150:	17,596,050:	- -	17,596,050
1952	1,097:	- -	1,097:	10,493,008:	- -	10,493,008
1953	1,041:	- -	1,041:	10,681,721:	- -	10,681,721
1954	885:	- -	885:	9,751,541:	- -	9,751,541
1955	2,864:	2,817:	5,681:	31,584,829:	\$15,244,316:	46,829,145
1956	3,097:	1,795:	4,892:	37,736,173:	10,387,327:	48,123,500
1957	2,240:	616:	2,856:	28,981,263:	3,641,909:	32,623,172
1958	1,853:	185:	2,038:	25,837,822:	1,067,200:	26,905,022
1959	2,305:	203:	2,508:	35,733,594:	2,491,665:	38,225,259
1960	:	:	:	:	:	:
(est.)	805:	92:	897:	12,000,000:	1,000,000:	13,000,000

The number of farm ownership loans insured each year from the beginning of the program in October 1947 through 1950 showed a steady increase. The number insured in 1951, 1952, 1953 and 1954 decreased as a result of the lack of investment capital due primarily to the low interest rate then in effect. Actual loans for 1955 and 1956 show a marked increase over 1954 as a result of (1) the enactment of Public Law 521, amended July 22, 1954, which amended the Bankhead-Jones Farm Tenant Act to provide a flexible interest rate on insured loans, (2) the further amendment to this Act by Public Law 273, approved August 9, 1955, providing that mortgages shall run to the Government instead of to the lender, and (3) the enactment of Public Law 597 extending the water facilities program to the entire Nation and authorizing the insuring of loans made by private lenders for soil and water conservation purposes. The increase in the interest rate on insured loans in December 1958, which provides a return of 4% instead of 3½% to the lender, was instrumental in increasing the volume of loans in 1959, but reduced activity is estimated for 1960 because competing types of investments have recently become more attractive to investors.

There are no employees paid from this fund. Fees and administrative expense charges made available by subsections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1005 (b)), and section 10 (c) of the Act of August 28, 1937, as amended (16 U.S.C. 590x-3), are transferred to the "Salaries and expenses" account from which the costs of servicing the insured loan programs are met.

Item	Obligations, 1959	Estimated Obligations, 1960	Estimated Obligations, 1961
<u>Farm Tenant-Mortgage Insurance Fund, De-</u>			
<u>partment of Agriculture - Revolving fund</u>			
for payments with respect to insured			
mortgages under Sections 12 and 13 of the			
Farmers Home Administration Act of 1946			
and Section 10(c) of the Act of			
August 28, 1937, as amended	\$34,455,185:	\$12,152,200:	\$18,369,200
Allotments from:			
<u>Disaster Loans, etc., Revolving Fund,</u>			
<u>Department of Agriculture - For making</u>			
emergency loans to farmers and stockmen			
and for other purposes in accordance			
with provisions of Public Law 38, as			
amended, and Public Law 727, as amended	43,831,025:	35,495,420:	33,284,313
<u>Watershed Protection, Soil Conservation</u>			
<u>Service - For loans to local organiza-</u>			
tions to finance improvements in small			
watersheds, and related expenses pur-			
suant to Public Law 566, as amended	427,454:	1,000,000:	1,000,000
Total, Allotments	44,258,479:	36,495,420:	34,284,313
Allocation from International Cooperation			
<u>Administration - For expenses in connec-</u>			
tion with training activities	32,972:	59,555:	- -
Trust Funds:			
<u>State Rural Rehabilitation Corporation</u>			
<u>Funds:</u>			
Funds of State Rural Rehabilitation			
Corporations made available to the De-			
partment for rural rehabilitation pur-			
poses under trust or other agreements			
between the Secretary and individual			
States:			
Administrative expenses	327,956:	260,000:	200,000
Undistributed charges	199,393:	162,578:	98,459
Return of assets to States	570,010:	825,100:	1,039,100
Loans	11,234,380:	6,400,000:	3,500,000
Total, State Rural Rehabilitation			
Corporation Funds	12,331,739:	7,647,678:	4,837,559

(Continued on next page)

Item	:	:	Estimated	:	Estimated
	:	Obligations,	:	Obligations,	Obligations,
	:	1959	:	1960	1961
	:		:		
<u>Obligations Under Reimbursements From</u>	:		:		
<u>Governmental and Other Sources:</u>	:		:		
Salaries and expenses	:	100,123:		115,000:	115,900
	:		:		
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND	:		:		
OTHER FUNDS	:	91,178,498:		56,469,853:	57,606,972

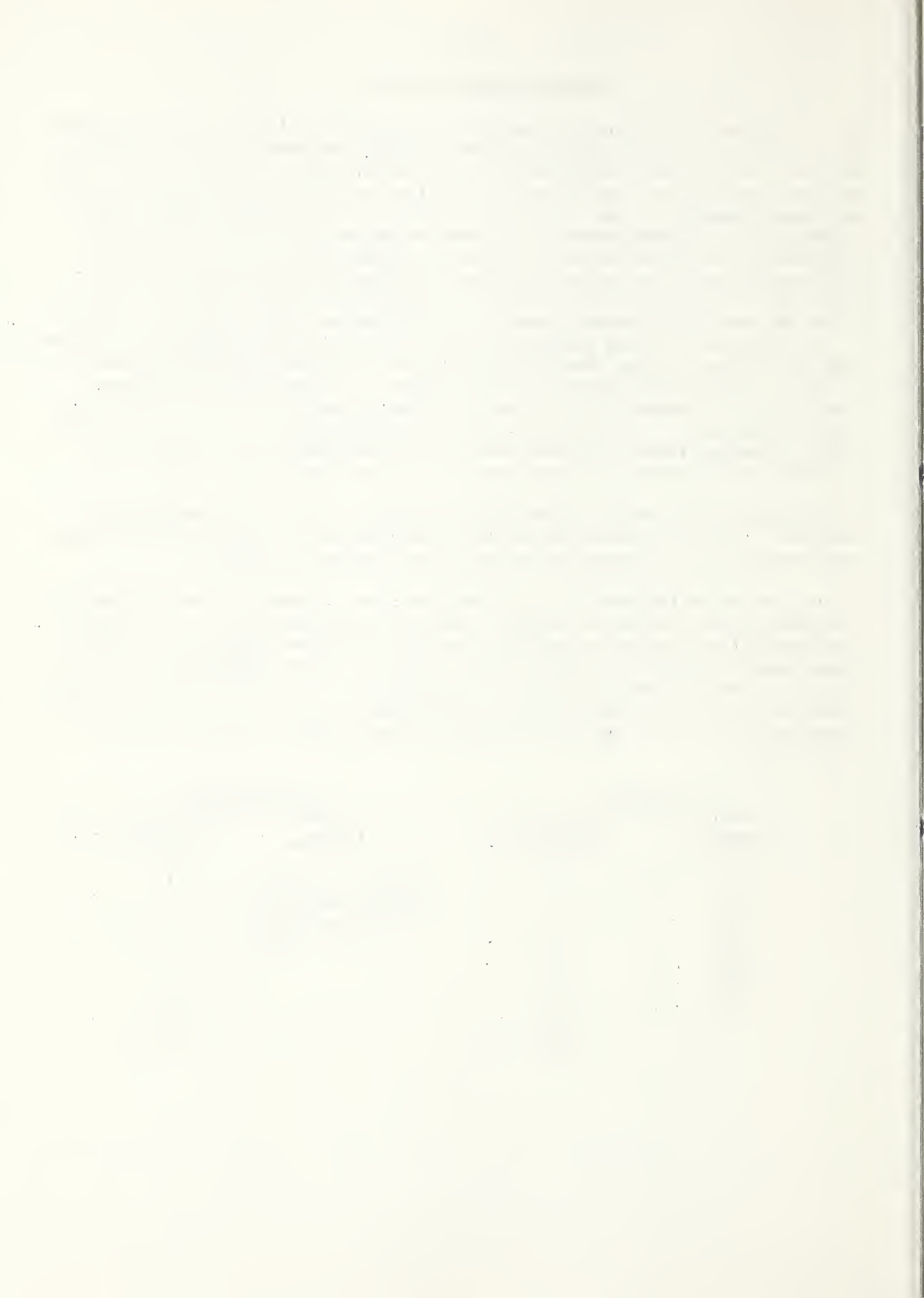
PASSENGER MOTOR VEHICLES

The estimates for the fiscal year 1961 include the replacement of 6 passenger motor vehicles. The vehicles are used by field personnel primarily in connection with necessary rural travel where common carrier is not readily available or practicable. Such travel is for the purpose of assisting and advising county supervisors in the investigation of applications, making loans, rendering of farm management assistance to borrowers, and collecting and servicing loans under the various loan programs. Repair and maintenance records show that the maximum economic operation is reached at 55,000 to 65,000 miles. Thereafter, breakdowns become more frequent and major overhauls are usually required to keep the vehicles in safe operating condition. It is estimated that the mileage on each of the vehicles proposed for replacement in 1961 will range from 67,000 to 80,000 miles and will be at least 67,000 on each vehicle before it is replaced. If these vehicles are not replaced, it is expected on the basis of past maintenance cost records, that the average repair cost per vehicle will be \$200 during 1961, or a total of \$1200. Another factor for consideration is that the resale value of the vehicles will decrease in proportion to increased age and mileage.

The Farmers Home Administration will operate a total of 26 passenger motor vehicles in 1961. These vehicles are located at strategic points throughout the country for use primarily in connection with rural travel.

While custody of the vehicles is under the State Directors, they are not assigned for use of any one person. The use policy involves (1) planning travel and field schedules so as to obtain the maximum amount of use from these vehicles, (2) strict adherence to the preventive maintenance requirements in order to avoid keeping the vehicle in a non-use status for unreasonable periods of time, (3) giving preference to group travel where program functions will permit and (4) the use of common carrier where it is more economical.

<u>Age Data</u>		<u>Mileage Data</u>	
<u>Age-Year</u> <u>Model</u>	<u>Number of</u> <u>Vehicles</u>	<u>Lifetime</u> <u>Mileage</u>	<u>Number of</u> <u>Vehicles</u>
1954	1	60,000 to 80,000	10
1955	2	40,000 to 60,000	7
1956	6	20,000 to 40,000	5
1957	5	0 to 20,000	4
1958	6		
1959	3		
1960	3		
	<u>26</u>		<u>26</u>



OFFICE OF THE GENERAL COUNSEL

Purpose Statement

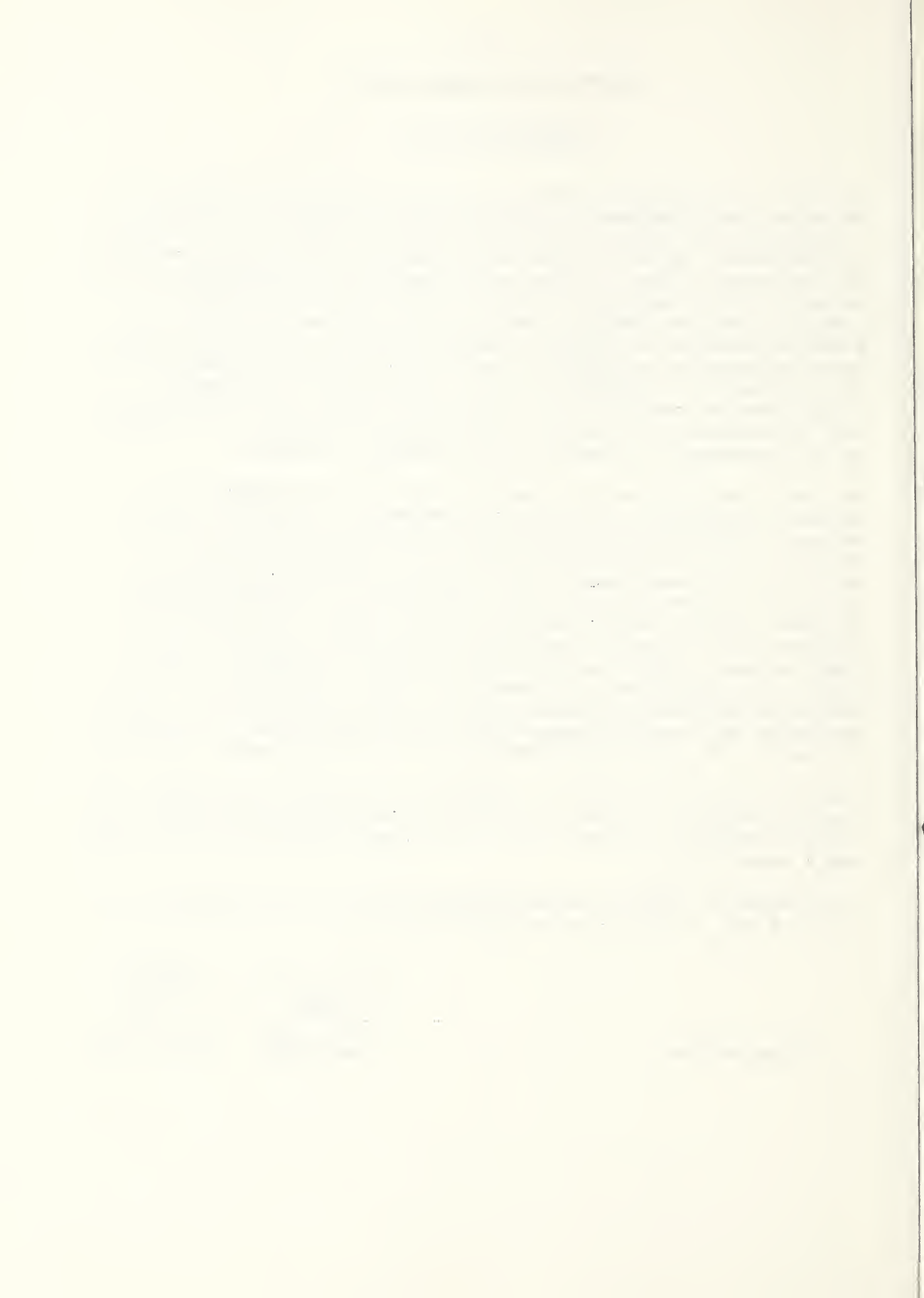
The Office of the General Counsel, originally known as the Office of the Solicitor, was established in 1910 (5 U.S.C. 518) as the law office of the Department of Agriculture, and performs all of the legal work arising from the activities of the Department. The General Counsel represents the Department in administrative proceedings for the promulgation of rules having the force and effect of law; in quasi-judicial hearings held in connection with the administration of various programs and acts; and in proceedings before the Interstate Commerce Commission involving freight rates and practices relating to farm commodities, including appeals from the decisions of the Commission to the courts. He serves as general counsel for the Commodity Credit Corporation and the Federal Crop Insurance Corporation. He reviews criminal cases arising under the programs of the Department for referral to the Department of Justice.

By special assignment of the Attorney General, the Assistant General Counsel for Litigation represents the Department in certain categories of cases before appellate courts, including the Supreme Courts of the States, U. S. Court of appeals and the Supreme Court of the United States. The General Counsel issues both formal and informal opinions on legal questions arising in the administration of the Department's programs; prepares and reviews administrative rules and regulations applicable to the public; assists in the drafting of proposed legislation; prepares, reviews and interprets contracts, mortgages, leases, deeds, and similar documents; prosecutes patent applications for employees of the Department; examines titles to lands to be acquired by the Government or accepted as security for loans; and disposes of claims by and against the United States arising out of the Department's activities.

The legal work of the Office is conducted in Washington, under the direction of the General Counsel, the Deputy General Counsel, and 4 Assistant General Counsels. The work in the field is performed by 15 field offices and 4 branch offices.

On November 30, 1959, the General Counsel's Office had 394 employees, of whom 246 were in Washington and 148 in the field.

	Appropriated, 1960	Budget Estimate, 1961
Appropriation	\$3,162,025	\$3,358,845



Salaries and Expenses

Appropriation Act, 1960 and base for 1961	\$3,162,025
Budget Estimate, 1961	<u>3,358,845</u>
Increase	<u>196,820</u>

SUMMARY OF INCREASES, 1961

For legal services incident to:	
Activities under the Packers and Stockyards Act	175,440
Administration of the marketing agreement and order programs	50,290
Other marketing and regulatory activities	50,290
For employee health benefit costs pursuant to	
Public Law 86-382	20,800

PROJECT STATEMENT

Project	1959	1960 (estimated)	Health Bene- fit Costs (P.L. 86-382)	Other	1961 (estimated)
1. Agricultural credit and conservation	\$1,559,834	\$1,555,000	10,000	- -	\$1,565,000
2. Commodity credit and production adjustment programs	822,360	808,000	5,500	- -	813,500
3. Marketing and regulatory laws	541,026	535,025	3,600	176,020(1)	714,645
4. Agricultural research and staff legal services	268,612	264,000	1,700	- -	265,700
Subtotal a/	3,191,832	3,162,025	20,800	176,020	3,358,845
Unobligated balance	16,918	- -	- -	- -	- -
Total employee health benefit costs (P.L. 86-382)	1- -7	1- -7	20,800	11,020	21,820
Total available or estimate	3,208,750	3,162,025	20,800(2)	176,020	3,358,845
Transferred from "Conser- vation reserve program, Commodity Stabilization Service"	-240,750				
Total appropriation or estimate	2,968,000				

a/ Represents obligations. Applied costs for 1959 are \$3,207,969. The difference of \$16,137 reflects, primarily, the excess of contractual services and equipment used in 1959 over contracts made and orders placed in that year.

INCREASES

(1) An increase of \$176,020 for legal services under the project "Marketing and regulatory laws" composed of:

(a) An increase of \$75,440 for legal services incident to administration of the Packers and Stockyards Act.

Need for Increase: Public Law 85-909 amended Title III of the Packers and Stockyards Act to broaden substantially the jurisdiction of the Department. Previously jurisdiction was limited to activities at stockyards consisting of at least 20,000 square feet and posted under the act. The size limitation for posting has now been removed and all public stockyards engaged in interstate commerce are eligible for posting. The Department's jurisdiction now extends to all livestock transactions in interstate commerce and the Secretary is authorized to require the registration of persons operating as market agencies or dealers away from posted stockyards. Registration previously was limited to persons operating at posted stockyards. In 1954 there were 3300 registrants, whereas at the end of fiscal year 1959 there were 7200.

The program agency's activity in administering and enforcing this act has increased substantially during the past several years. Decreased funds for legal services has made it impossible to keep pace with the level of program activity and there has been a material increase in the backlog of pending cases. At the end of fiscal year 1957 there were 43 cases pending. Notwithstanding the priority given to this field during the past two years, there were 90 cases pending at the end of fiscal year 1959 representing an increase of over 100% in this two-year period. The seriousness of the situation is magnified by reason of the increase in complicated packer monopolistic and restraint of trade cases during this same period. At the end of fiscal year 1959 there were 10 formal packer cases pending, 7 investigation reports were under review for initiation of formal proceedings, and 42 investigations of practices of packers were pending indicating a continuing increase in such cases.

Plan of Work: Prior to the amendment approximately 1,000 stockyards were eligible for posting under the act, of which 600 were posted on July 1, 1958. As of July 1, 1959, there were over 1500 stockyards posted and it is estimated that 2300 yards will be posted by the end of 1960. The posting of additional stockyards, together with the broadening of the Department's jurisdiction to include all livestock transactions in interstate commerce whether or not at posted stockyards and the broadening of the registration authority, will necessarily result in a considerable increase in the volume of legal work in connection with

(1) rule making, including the preparation of posting notices and revisions of the regulations,

(2) formal adjudicatory hearings in disciplinary proceedings and reparation proceedings relating to unfair practices under the act, and possibly in rate proceedings,

(3) analysis of investigation reports to ascertain the sufficiency

of evidence to warrant reference of cases for civil penalty and injunction actions and criminal prosecutions, and

(4) legal opinions construing the statute and regulations thereunder as well as their application to a wide variety of factual situations.

(b) An increase of \$50,290 to strengthen the legal work on marketing agreements and orders.

Need for Increase: A serious problem exists in the field of marketing agreements and orders because the number of orders has increased from 54 in 1949 to 115 at the present time. This increase in orders has resulted not only in substantial increases in requirements for legal services in connection with administrative hearings but also a comparable increase in court litigation. The handling of the legal services for this expanded program clearly demonstrates the relative increase in program activity and the decrease in the number of attorneys available to handle these assignments. In 1949, when there were only 54 active programs, 10 attorneys devoted their full attention to these programs, whereas, now, with more than twice the number of orders and volume of litigation there are only about 6 attorney man-years available for this work. As a result it is extremely difficult with the present staff to furnish even the minimum of legal services required under the orders now in effect.

Amendments to existing orders have a definite impact on the workload. An example of this is the 1957 amendment to the New York Milk Order extending its territory and coverage to large segments of upstate New York and New Jersey. This expansion of the New York Order required very protracted proceedings and is now resulting in a substantial increase in litigation under this order. In 1959, 25 court enforcement actions and review proceedings were started under this order, as compared with 16 in 1958. Twenty-two such cases were pending on June 30, 1959, compared to 15 at the close of fiscal year 1958. These figures far exceed those for prior recent years. This trend is expected to continue for the next few years.

Plan of Work: The servicing of these programs requires, in addition to the work incident to formal promulgation and amendment hearings, the preparation and promulgation of periodic regulations and preparation for and active participation in administrative proceedings and enforcement actions in the courts.

(c) An increase of \$50,290 to meet the increased demand for legal services in other marketing and regulatory law programs.

Need for Increase: There has been a substantial increase in administrative proceedings and other activities under a number of marketing and regulatory programs which it is anticipated will continue. In addition, recent statutory enactments have increased the responsibilities of the Department through creation of new regulatory programs and expansion of existing programs. The principal impact upon the volume of legal work beyond those of the programs dealt with in (a) and (b) above, is as follows:

1. Under the Perishable Agricultural Commodities Act of 1930, 356 formal administrative proceedings were initiated during fiscal year 1959

representing the largest number initiated in any fiscal year in the history of the program. This represented an increase of over 40% over fiscal year 1958. Although some 300 cases, representing a new high, were disposed of, there were 191 cases pending at the end of the fiscal year, which is an unprecedented number. There is every indication that this increase in volume of administrative proceedings will continue. The new cases instituted during the first two months of fiscal year 1960 exceeded those received in the same two months during the previous fiscal year. Moreover, this increase in number of proceedings is in part represented by a substantial increase in the number of disciplinary proceedings which involve much heavier workload demand than reparation proceedings.

2. The Poultry Products Inspection Act, Public Law 85-172, initiated a new program for the compulsory inspection by the Department of poultry and poultry products moving in interstate commerce or in major consuming areas designated by the Secretary after hearing. This inspection program is comparable to the long-established inspection program under the Meat Inspection Act and the requirement for such inspection became mandatory on January 1, 1959. The act provides penalties for violations of its provisions or the requirements of the Secretary established in regulations thereunder and also contains provisions requiring honest labeling of inspected products coupled with authority in the Secretary to disapprove labels found to be misleading. The act affords affected persons an opportunity for an administrative proceeding with respect to any disapproval of labeling by the Department. This act brought under inspection regulation for the first time hundreds of plants throughout the United States engaged in processing poultry and poultry products for interstate commerce. The period involving formulation of policy and regulations in connection with the initiation of the new program and education of the industry regarding the regulatory requirements is drawing to a close and the first impact of the enforcement activities requiring legal services is being felt. The demand for legal services in connection with judicial enforcement proceedings and administrative hearings will necessarily increase.
3. The Federal Insecticide, Fungicide, and Rodenticide Act was recently amended by Public Law 86-139 so as to bring additional commodities under this regulatory program. It is estimated that this amendment will result in some 3000 products being subject to registration and the manufacturers of such products subject to the regulatory provisions of the act. This will necessarily require substantial legal services including the promulgation of regulations, statements of policy to guide affected persons, rendering opinions as to the applicability of the amended act to specific products, and eventually increased participation in enforcement activities.
4. The Department of Agriculture is directed under the Agricultural Marketing Act of 1946 and Section 201 of the Agricultural Adjustment Act of 1938 to represent the interests of the agricultural community of the country in connection with rates and practices relating to the transportation of agricultural commodities. This involves participation of the Department in proceedings before transportation regulatory bodies, such as the Interstate Commerce Commission. During the years prior to 1959 approximately 3 attorney man-years were devoted to the legal services in connection with transportation proceedings before

regulatory bodies as well as judicial review proceedings. During 1959 the general increase in the demand for legal services in the field of marketing and regulatory laws, coupled with limitations in personnel, resulted in the necessity of establishing priority in meeting procedural deadlines and in less than 2 attorney man-years being spent on this activity. The present number of pending proceedings relating to this activity is greater than in any recent year and the indications are that there will be further increases. The situation is made more difficult by the fact that the amendment of the Interstate Commerce Act in 1958 brought under regulation by the Interstate Commerce Commission a number of agricultural commodities, moving by truck transportation, which had been exempted previously from such control. This has resulted in over 300 cases being brought before the Interstate Commerce Commission which will require substantial legal services of this office for the next several years.

(2) An increase of \$20,800 is required to meet health benefit costs under Public Law 86-382, applicable to the base for 1961. A full explanation of the health benefit cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.



STATUS OF PROGRAM

The Office of the General Counsel furnishes all of the legal services required in connection with the programs and activities of the Department. The Secretary, members of the Secretary's staff, and program officials are advised on legal matters which arise in connection with their work. The progress and effectiveness of the functions of the Department require legal competence with a broad appreciation and understanding of the Department and related governmental policies and programs.

This office is responsible for interpreting existing legal authorities affecting actions or proposed actions of the Department's agencies and the application of such interpretations to the programs and operations of the Department. Because the attorneys of this office are intimately acquainted with the operations of the Department's programs, the statutes under which they operate, and the sources of available information, they are frequently requested to prepare the many complex cases for litigation and to assist the United States Attorneys in the trial thereof. In a number of appellate cases the Assistant General Counsel for Litigation presents the oral argument.

Examples of recent activities illustrative of legal work performed during fiscal year 1959 are discussed below.

AGRICULTURAL CREDIT AND CONSERVATION

1. Farmers Home Administration Programs

a. Dockets and Applications: An increased number of dockets for loans under section 8 of the revised Watershed Protection and Flood Prevention Act were prepared and reviewed for legal sufficiency. A number of State legislative proposals were reviewed for sufficiency to permit local organizations to borrow funds to finance local participation in cooperative projects under this Act.

b. Mortgage Forms: A real estate mortgage form was drafted for each State, combining the provisions of a mortgage securing a note to the United States and an indemnification mortgage, the latter provisions to become effective when the note is sold and insured under section 18 of the Bankhead-Jones Farm Tenant Act, as amended.

c. Security Servicing: The staff assisted in the revision and consolidation of chattel security servicing and real estate security servicing instructions for use by the Farmers Home Administration.

d. Loans: Legal services were furnished in connection with individual loans, including a substantial number of association type Soil and Water Conservation loans, outstanding among which was a commitment to a statutory water district for the insurance of its revenue bonds to finance construction of rural domestic water system. Other loan closing legal work consisted of those real estate cases where neither designated attorneys nor title insurance was available under the title clearance regulations of the agency.

e. Claims: A major volume of legal work on Farmers Home Administration programs involved the collection of claims and accounts through bankruptcy, decedent's estates, suits on notes, mortgage foreclosures, actions and damages for the conversion of mortgaged property, and the condemnation of security property for right-of-way purposes. This work, involving trial briefs and basic research for appellate briefs, included legal questions concerning the priority of the Government's security over State and local taxes, conversion actions against public auctioneers, auction markets, and other converters. In this whole area, the purpose of these services was to present the matters to the United States Attorney and the Department of Justice on behalf of the agency in such manner as would expedite the civil action recommended. Reference of criminal matters included misrepresentations and sale of mortgaged property.

f. Legislation: Legislation was drafted which would consolidate into one Act the legislative authorities of most of the loan programs of the Farmers Home Administration, replacing Titles I and II of the Bankhead-Jones Farm Tenant Act, the Water Facilities Act and Title V of the Housing Act of 1949, as amended, and the several emergency lending authorizations with a single Act authorizing real estate loans, operating loans secured by chattels and loans on similar terms and conditions in areas determined by the Secretary to need additional credit because of natural disaster or severe production losses. A final draft was introduced as S.2144 and H.R. 7628, 86th Congress.

2. Forestry and Lands Programs

a. Mining Claims: A substantial amount of time was required in connection with the determination of surface rights on mining claims within national forests. This work included the review of 162 requests to the Department of the Interior for publication of notice to mining claimants for determination of surface rights, assistance in the preparation and review of affidavits of examination, area descriptions, certificates of examination of tract indexes, and related documents accompanying such requests, and assistance in preparation for and conducting hearings to determine surface rights.

b. Civil and Criminal Actions: At the request of the Department of Justice, attorneys from this office participated in the preparation and prosecution of civil and criminal actions, including actions arising from fire, timber, and occupancy trespasses on national forests, breach of timber sale contracts, and to prevent damage to lands and resources of the national forests and other lands administered by the Forest Service.

c. Drafting or Review of Documents: Members of the office participated in the drafting or review of regulations, instructions, delegations of authority, and legal instruments, such as timber sale and other contracts, permits, cooperative agreements, deeds, conditions in licenses issued by the Federal Power Commission under Section 4(e) of the Federal Power Act, and easements for rights-of-way for roads for use in the various programs, including research, land utilization, State and Private cooperative forest programs, and management of timber, range, water and other resources of the national forests and other lands administered by the Forest Service.

d. Appeals Under Regulation A-10: Legal assistance was given Forest Service officials and the Secretary in connection with a number of appeals under Forest Service Regulation A-10 from administrative decisions concerning national forest timber sales, special land uses, and grazing privileges.

e. Proposed Legislation: The staff assisted in the drafting of legislation to be proposed to Congress by the Department or to be forwarded to a member of Congress in response to his request; the analysis of proposed legislation for use in connection with the preparation of agency recommendations thereon; and the review of reports by the Department to Congress on proposed legislation. Examples of proposals in connection with which considerable work was performed include those dealing with the reforestation of Federal, State and private lands, mineral resources, wilderness and recreational areas, wild-life, authority to grant easements for rights-of-way, timber access roads and Federal property and administrative services. Assistance also was given in the drafting of a reorganization plan proposed to Congress and in the review of reports thereon by the Department to Congress. This plan dealt with functions of the Department of the Interior in exchange of national forest lands reserved from the public domain and timber therefrom for other lands within the national forests; in sales of small tracts of acquired national forest land; the sale of tracts specially needed in the processing of timber from the Tongass National Forest; and in the utilization of certain common materials from acquired national forest and other lands.

f. Land Acquisitions and Easements: A number of matters were handled relating to land acquisition programs including

acquisitions for research laboratories and administrative sites. An example of the latter is the proposed acquisition by exchange of an administrative site, including improvements to be constructed thereon, from the City of Redding, California. This has involved consultations, a study of existing legislation, drafting exchange agreements and submission of case as proposed to Comptroller General for decision.

This work consisted primarily of procuring abstracts, certificates of title, and title insurance from commercial sources; previewing title evidence; drafting and approving title documents; preparing title opinions; and preparing declarations of taking and requests for condemnation. Easements were acquired under the Highway Act, particularly for use in marketing national forest timber.

3. Soil Conservation Programs

a. Soil and Water Conservation: Legal services were furnished in connection with the program for the prevention and control of soil erosion and the conservation of soil and water resources. This work included the review and approval of memoranda of understanding and cooperative agreements, studies of new and proposed changes of State soil conservation districts legislation, and assistance in connection with water rights, drainage and irrigation.

b. Watershed Protection and Flood Prevention: In connection with the watershed protection and flood prevention programs of the Department, attorneys participated in the review and approval of watershed work plans. Other assistance included participation in the preparation, review and approval of deeds, easements, subordination agreements, and permits, and in such other matters as construction contracts, performance and payment bonds, project agreements, and rights relating to the control, appropriation, use, distribution and storage of water for beneficial purposes.

c. Great Plains Program: Assistance in connection with the Great Plains Conservation Program included active participation with the Great Plains Program Inter-Agency Group. This work included assistance in the drafting and review of regulations, instructions, delegations of authority, and contracts and other legal instruments.

d. Water Conservation and Utilization Projects: Deeds, easements, and other legal instruments were prepared and reviewed, and the provisions of applicable Federal laws were reviewed and interpreted.

e. Legislation: Attorneys of the office assisted in securing the enactment of new or amendatory legislation in a number of

States to further cooperation between State and local agencies and the Secretary of Agriculture in activities authorized by the Watershed Protection and Flood Prevention Act. In all, 100 different laws have been passed in 39 States from 1955 to 1959. This work included extensive discussions with State officials and agricultural leaders in the various States, the analyses of existing applicable State laws, and assistance in connection with the drafting of proposed new and amendatory State legislation.

4. Rural Electrification and Telephone Programs

- a. Loans: Loan contracts, notes, mortgages or deeds of trust, and supporting papers for each loan were drafted and executed documents were reviewed and cleared. Similar services in connection with agreements modifying payment schedules under borrowers' notes, and supplemental security instruments required to maintain the Government's security interests were rendered.
- b. Financing and Construction of Facilities: Option and sale agreements, instruments of title, franchises, commission orders, ordinances, corporate proceedings, and other documents involved in REA financing of acquisitions by borrowers of existing telephone and electric systems and of construction of new telephone and electric facilities were prepared or reviewed.
- c. Legal Opinions: Opinions were rendered and advice provided with respect to the permissible limits of proposed electric or telephone loans, including those involving complex arrangements for joint financing with non-REA sources and pooling and interconnection of facilities.
- d. Contracts: Contracts relating to borrowers' construction, engineering services, power sales and procurement, and connecting company arrangements were prepared, reviewed or revised. Legal assistance was given in disputes involving such contracts.
- e. Titles, Regulatory Jurisdiction and Litigation: Review and clearance of borrowers' titles to real estate, of the organization and revisions of borrowers' corporate structures, and of required orders or approvals of borrowers' activities and rates by state and federal regulatory bodies were made. Assistance and advice was given to REA officials and borrowers' attorneys in litigation or proceedings involving these matters.
- f. Loan Security Problems: Staff members aided in the solution of borrowers' operating or security problems, including the preparation of supplemental loan and security documents and advice to effectuate the transfer of telephone or electric properties from one borrower to another, involving the assumption of indebtedness to the Government and the assignment of loans.

g. Nuclear Power, Generation and Transmission Arrangements and Communication: Attorneys worked with the REA in negotiating and drafting contracts in connection with borrowers' proposals to construct nuclear electric generating plants. Similar assistance was given to REA in connection with the negotiation of contract terms and revisions between electric generating and transmission borrowers and power companies and federal power agencies resulting from REA financing of new generating and transmission facilities to meet growing needs of borrowers. Legal advice to REA also was provided in connection with construction and operating agreements for telephone and related communication services to the Air Force's Semi-automatic Ground Environment warning system.

h. Power Supply and Integration: The office reviewed joint power supply or integration arrangements between electric borrowers and power companies, or state or federal agencies, involving in some instances REA loans for facilities to be leased to or operated by the power companies or governmental agencies, as well as other types of integration of facilities, in the interests of common economies. The effects of litigation and disputes pertaining to such integration, particularly on the advance of loan funds, were considered.

COMMODITY CREDIT, PRODUCTION AND ADJUSTMENT

1. Price Support Programs

The legal work in connection with price support programs continued to be heavy. Bulletins, announcements, instructions, regulations, notes, chattel mortgages, loan agreements and purchase agreements used in the price support program were prepared or reviewed. A change in the cotton program to the extension of price support through purchases as well as loans, as required by law, required the preparation of opinions with respect to various legal problems and new announcements and legal documents for use in the program. Legal advice was also given with respect to the preparation of contracts between the Commodity Credit Corporation and dealers, processors, private lending agencies, and the Federal Reserve Banks, which are utilized by the Corporation in carrying out its price support operations.

2. Commodity Credit Corporation Disposal and Export Programs

Legal services rendered in connection with disposal and export programs of Commodity Credit Corporation continued to increase. Legal assistance was furnished in connection with problems arising in the negotiation of 152 barter transactions. The average value of agricultural commodities disposed of under each of such transactions approximated one million dollars. Legal advice was given with respect to problems arising during the course of

performance of barter agreements, including the negotiation and consummation of 27 contract amendments. Legal problems were handled which arose out of the payment in kind export programs developed in the preceding year. In connection with the various disposal operations, regulations, announcements, and agreements were prepared, and the claims and varied legal problems arising in connection with the processing, transporting, warehousing, and financing of commodities under these programs were handled.

3. Storage Operations

(a) Legal problems were handled in connection with the leasing and management of the bin sites used in the storage of CCC-owned grain. The office assisted in the preparation of contract forms for loading, transporting, weighing, and unloading grain stored in CCC bins and in the preparation of forms for the purchase of equipment for use at bin sites. Legal problems in connection with taxes, labor, warranties and claims were also handled.

(b) The office prepared regulations, notes, loan agreements and other documents in connection with loans to farmers for the construction of storage facilities and the acquisition of mobile drying equipment for storage and preservation of grain on farms while held under price support loans and rendered legal advice in problems arising in this work.

(c) Legal services were rendered in connection with the commercial storing of commodities owned by or under loan to Commodity Credit Corporation and with respect to the maritime fleet storage operations. Problems arising in the storing of Section 32 and School Lunch commodities were also handled.

4. Emergency Feed Relief Program

In the conduct of this program by Commodity Credit Corporation for drought, flood, and other disaster relief under section 407 of the Agricultural Act of 1949, as amended, various regulations, application forms, and other legal instruments were prepared. Legal assistance was also rendered in connection with the day to day operation of the program and claims which developed.

5. Title I, Public Law 480 Program

Legal assistance given in the sale of surplus agricultural commodities for foreign currencies under Title I of P.L. 480 included the preparation and legal approval of regulations, purchase authorizations, and procedures, the day to day operation of the program, and claims arising thereunder.

6. Foreign Market Development

The many varied legal problems which arose in carrying out the program of the Foreign Agricultural Service to develop new and expanded markets for United States agricultural commodities, using foreign currencies derived under Title I of P.L. 480, were handled by this office. Also, project agreements and amendments were reviewed by this office.

7. Section 22 of Agricultural Adjustment Act (of 1933)

Legal assistance was given with respect to proposed action under Section 22, including participation in hearings before the Tariff Commission, in connection with the imposition of import restrictions, in the form of fees or quantitative limitations, on agricultural commodities the importation of which affects certain programs of the Department.

8. Section 32 Program

Varied legal problems were considered by this office in connection with the purchase and donation, export, and diversion programs carried out under Section 32 of the Act of August 24, 1935. These included the preparation or legal approval of regulations and procedures, contracts, donation agreements and other legal instruments, and the dockets authorizing or amending the programs.

9. School Lunch Program

Legal problems affecting programs for the procurement and distribution of a variety of food products under Section 6 of the National School Lunch Act were worked out in this office. Dockets authorizing the programs were reviewed and contracts, procedures and regulations were drafted or approved for legality.

10. Special Milk Program

The special milk program conducted by Commodity Credit Corporation to increase the consumption of fluid milk by children in nonprofit schools, child-care centers and similar nonprofit institutions requires regulations, application forms, and other legal instruments which are prepared by this office. Legal assistance was also given in problems arising in day to day operation of the program.

11. Corporate Management

Legal advice was given the Board of Directors, Commodity Credit Corporation, and administrative officials of the Department on organizational, administrative, fiscal, budgetary and procedural

matters associated with general corporate activities of Commodity Credit Corporation. Resolutions required in the adoption of policies and programs of the Corporation were prepared for the approval of the Board of Directors. Numerous reports required by Congress covering corporate activities were prepared or reviewed.

12. Commodity Credit Corporation Claims and Litigation

Inventories acquired by Commodity Credit Corporation under the price support program are at an all-time high. It is expected that the inventory take-overs in 1959 and 1960, as a result of continued high levels of production and farmer participation in price support programs, will be at record levels. It seems obvious that, with this unprecedented volume of price support activity and the many problems incident to the acquisition, storage, handling and disposition of commodities, that the volume of claims and litigation, both by and against Commodity Credit Corporation, will continue at high levels and quite probably increase during the next several years.

Fiscal year 1959 was marked by a reduction in numbers of Commodity Credit Corporation cases in litigation but there was a substantial increase in dollar amounts. Several new cases involved large amounts ranging from several hundred thousand dollars to \$5 million. New Commodity Credit Corporation cases referred to the Department of Justice and suits filed against the Corporation numbered 394 during fiscal year 1959. Action was completed in 638 cases pending in the Department of Justice or in the courts, leaving a total of 1,045 cases (involving an aggregate amount of \$29.5 million) pending at the end of fiscal 1959. Continued progress was made in completing action in a number of older cases involving large sums of money which have required several years to conclude. A number of such older cases, however, are still involved in litigation, in either the trial or appellate courts, the handling and disposition of which probably will continue to require considerable work by attorneys in this office. In view of the complexity and importance of many of the Commodity Credit Corporation cases, the Department of Justice and the United States Attorneys usually request assistance and participation by attorneys of this office in the preparation and trial of the most difficult and important cases. This office complies with such requests to the maximum extent possible in view of the importance of the results to the Government and the farm program.

In addition to the Commodity Credit Corporation litigation, nine new cases arising under Section 32 and the School Lunch Program were referred to the Department of Justice during the fiscal year, and nine such cases were closed during the same period. Thus, the number of Section 32 and school lunch cases pending in court

or in the Department of Justice at the end of the fiscal year remained at 13, and involved approximately \$1.25 million.

The nature and complexity of claims and litigation work involving Commodity Credit Corporation are illustrated by the following:

(a) Grain Shortage and Deterioration Cases. The effects of unprecedented inventories of agricultural commodities were evident in the field of commercial warehouse grain storage. During the 1959 fiscal year, 54 new cases involving shortages and deterioration of grain and other fungible commodities stored in commercial warehouses were referred to the Department of Justice. The completion of action in 50 cases left 75 cases in this category involving approximately \$10 million, pending as of June 30, 1959.

Seven new indictments (including one information) were returned in Federal Court in grain shortage cases during fiscal year 1959, making a total of 119 indictments and informations returned since January 1951. Four defendants were successfully prosecuted during the fiscal year, bringing the total convictions since January 1951 in grain shortage cases to 87 individuals.

The matter involving the Coultas Brothers Grain Company, of Florence, Illinois, was the largest shortage and deterioration case arising during the fiscal year. In view of the apparent magnitude of the shortages (in soybeans, wheat, and corn) and the importance of expeditious handling, the matter was referred to the United States Attorney during the early stages of the investigation. The managing partner has been charged under a criminal complaint and placed under bond pending action by a Federal grand jury. The partners in the company have filed a Petition for an Arrangement under Chapter 11 of the Bankruptcy Act in which they allege assets which are more than sufficient to pay all known liabilities, including the claim of the Government. It is estimated that Commodity Credit Corporation's claim will be in excess of \$1 million.

The case of Cargill, Inc. v. United States, in the Northern District of New York, is illustrative of some of the older cases which continue to require extensive participation by attorneys in this office in all stages of litigation because of the importance of the cases and the vigorous contesting of liability by the private litigants. The trial of the Cargill case was completed early in fiscal year 1959 and a judgment rendered in favor of Cargill, Inc. for warehouse charges and interest in the amount of almost \$740,000. Judgment was rendered against the Government on its counterclaim for more than \$1.3 million. The case is now

pending on appeal by the United States to the U. S. Court of Appeals for the Second Circuit. Upon request by the Department of Justice, attorneys from this office have participated extensively in the preparation, pre-trial proceedings, and trial of this case. Over the past two fiscal years, it is estimated that the case has required approximately 18 man-months time of attorneys in this office. If the appellate court should reverse and remand the case for a new trial, a retrial would undoubtedly require many additional months of work.

The case of Bartlett Grain Company v. Commodity Credit Corporation, pending in the Western District of Missouri, is a suit for declaratory judgment brought by the plaintiff to determine its liability to Commodity Credit Corporation to account for insurance proceeds recovered as a result of loss and damage to Commodity Credit Corporation grain. The plaintiff contends that it should be permitted to deduct from the gross insurance proceeds due Commodity Credit Corporation of \$258,000 legal fees and expenses of litigation amounting to some \$79,000. Commodity Credit Corporation contends that, under the terms of the Uniform Grain Storage Agreement, the Company is required to bear all costs of recovering the insurance indemnity. The case presents difficult and novel legal issues and attorneys from this office are rendering extensive assistance in preparing the matter for trial.

(b) Drought Emergency Feed Programs. Considerable progress was made in fiscal year 1959 in bringing many of the older cases in this category to a conclusion. 136 Emergency Feed Program cases pending in the Department of Justice were closed during the fiscal year, as compared with a total of 75 new cases referred to that Department. This left a total of 229 Emergency Feed Program cases involving \$3 million, pending on June 30, 1959. Extensive assistance is rendered by this office at the request of the Department of Justice in the handling and disposition of these cases.

Most of the cases now pending and being referred currently to the Department of Justice involve 1954 and 1956 programs; 31 of those referred in fiscal year 1959 were claims against farmers who had represented that they were in financial need of emergency feed assistance. Because of alleviation of drought conditions, no program was required in 1958 and only a limited program in 1957.

(c) Claims Arising Under Export Programs. A number of claims have arisen in connection with breaches of various provisions of regulations and contracts under export programs of Commodity Credit Corporation. Also, a few suits have been filed against Commodity Credit Corporation by persons claiming a breach by the Corporation of contracts made under export programs.

In one case, Bernard S. Cohen of Houston, Texas, has filed suit for more than \$5 million for damages claimed to have been suffered as a result of the failure of Commodity Credit Corporation to deliver 128,405 bales of cotton which it had allegedly sold to Cohen, in the name of Dal-Tex Cotton Traders, for export. Cohen's suit filed in October 1958 in the Federal District Court for the Western District of Arkansas, was dismissed on May 7, 1959, on the ground of improper venue because the plaintiff was not domiciled or engaged in business in Arkansas. The plaintiff in June 1959 refiled his suit in the United States District Court for the District of Columbia. The Commodity Credit Corporation Charter Act provides that any suit against the Corporation shall be brought in the District of Columbia or in the district wherein the plaintiff resides or is engaged in business.

Three United States firms who had entered into barter and exchange contracts with Commodity Credit Corporation for the exchange of imported mica for agricultural commodities for export have filed suit in the Southern District of New York, in Ashville Mica Company, et al. v. Commodity Credit Corporation, seeking declaratory judgment involving the interpretation of price adjustment clauses in the contracts. The aggregate amount involved in these suits is approximately \$126,000.

A number of cases involving various violations of cotton and cotton products export programs have been referred to the Department of Justice during the fiscal year 1959. Several of these have been the subject of extensive negotiations for compromise settlement. These required many conferences and legal advice to Department officials prior to referral of the matters to the Department of Justice and, after referral, extensive assistance furnished to that Department upon its request.

13. Production and Adjustment Programs

a. Regulations: Regulations in connection with marketing quota programs affecting cotton, wheat, peanuts, rice, and tobacco programs carried out under Sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, and the programs for sugar under the Sugar Act of 1948, as amended, were drafted by the Office of the General Counsel.

b. Administrative Hearings: Legal assistance was furnished in connection with a large number of administrative hearings before review committees appointed by the Secretary of Agriculture for review of acreage allotments and marketing quotas, and in connection with judicial review of review committee determinations. These activities included the preparation and presentation of evidence before the review committees, and the preparation of

necessary pleadings and records to be filed in court by the review committees, and the drafting of briefs and legal memoranda for use of United States Attorneys in defending review committee action. Also, a number of review committee determinations were examined for legal sufficiency. Assistance was also furnished with respect to a number of public hearings in the administration of the Sugar Act.

c. Marketing Quota Penalties: The workload in connection with tobacco, peanut, cotton and wheat marketing quota penalties continued to be heavy. A substantial number of these cases were disposed of without reference to the Department of Justice, usually through collection effected by demand letters. During the fiscal year ending June 30, 1959, approximately 500 cases were referred to this office. About 350 of these cases were referred to the Department of Justice.

d. Crop Insurance Regulations and Contracts: The office continued to assist the Federal Crop Insurance Corporation in the drafting of regulations and contracts in connection with crop insurance programs, the collection of delinquent crop insurance premiums, and the preparation of defense of suits against the Corporation for indemnities.

MARKETING AND REGULATORY LAWS

1. Marketing Agreements and Orders

During the fiscal year 1959 formal hearings were held in connection with 6 proposed new milk orders and 46 amendments to existing milk orders, and 5 hearings were held in the fruit and vegetable and miscellaneous field. Two milk orders were consolidated with other existing milk orders. Eleven new milk orders and one new fruit and vegetable order were made effective, resulting in 115 programs (77 milk and 39 fruit and vegetable and related fields) at the close of the fiscal year, a new high in the number of programs being serviced. The number of active programs has increased each fiscal year since 1949 when there were only 54; the total increase amounting to well over 100% in milk orders and over 50% in fruit and vegetable and related orders. Thirty-five amendments to existing orders were promulgated and certain provisions of orders were suspended or terminated by 24 such actions. At the close of fiscal 1959, proceedings in connection with five new milk programs were pending in various stages of completion.

In general, litigation under marketing orders was heavier in fiscal 1959 than in the prior year. There were 90 cases pending at the close of fiscal 1959 as compared to 82 at the close of fiscal 1958. During fiscal 1959, in the milk order field,

16 proceedings involving administrative decisions by the Department's Judicial Officer, 9 actions appealing decisions of the Judicial Officer to the Courts, 27 civil enforcement and other civil actions and one criminal action were instituted. Under marketing orders for commodities other than milk, 145 criminal actions, 10 civil actions, and one proceeding involving an administrative decisions by the Judicial Officer were received.

The expansion in 1957 of the New York Milk Order to large segments of upstate New York and New Jersey has resulted in greater than usual enforcement problems. Litigation under this complex order increased during the 1958 and 1959 fiscal years, and is expected to continue at a high level for the next few years. In 1959, 25 enforcement or review proceedings were started under this order, compared with 16 in 1958. Twenty-two such cases were pending at the close of the fiscal year, compared to 15 at the close of the 1958 fiscal year.

2. Perishable Agricultural Commodities Act

During the 1959 fiscal year, 339 reparation cases were instituted as compared with only 236 such cases in fiscal year 1958. Reparation cases disposed of during fiscal year 1959 numbered 284, leaving 187 pending at the end of the year as compared with 132 such cases at the close of fiscal year 1958. Five formal disciplinary proceedings were pending at the beginning of fiscal 1959 and 17 new proceedings were received during the year. Eighteen such disciplinary proceedings were disposed of during 1959, leaving four such cases pending as of June 30, 1959. Six new court enforcement actions were received, leaving 10 such cases pending at the close of the year. Two new court enforcement actions were initiated under the related Produce Agency Act during fiscal 1959, leaving three pending at the year's close.

Such disciplinary and enforcement matters require considerable work in the preparation of pleadings, presentation of evidence, briefing, argument, etc., and the volume of such cases has tended to increase in recent years.

3. Packers and Stockyards Act

Public Law 85-909, effective September 2, 1958, broadened the jurisdiction of the Department over livestock transactions by deleting the area requirement for posted stockyards and by vesting the Department with jurisdiction over all livestock transactions in interstate commerce whether or not at a posted stockyard. As a result of this enactment and the increased emphasis being given to trade practice investigations, there has been considerable increase in the volume of legal work arising under the Act.

Stockyards posted under the Act increased in number from 600 to over 1,500 posted stockyards during the fiscal year 1959. This represents an increase of over 150% in the number of posted stockyards. Also, hundreds of additional market agencies and dealers became subject to the Act. It is anticipated that approximately 800 more stockyards will be posted during the fiscal year 1960.

During fiscal year 1959, the 80 formal administrative cases disposed of by orders included 17 rate matters, 49 disciplinary proceedings, and 14 reparation proceedings. Notwithstanding the large number of cases disposed of, there remained pending as of June 30, 1959, 90 formal administrative proceedings. In addition, investigation reports have been submitted to the office for the preparation of initial pleadings in approximately 20 other cases. This represents an unusually heavy workload pending at the end of the fiscal year.

The increase in cases under Title II of the Act, which prohibits unfair, monopolistic and restraint of trade practices by packers, has continued. Many of these cases involve complex and novel issues of fact and law and are strongly contested. Therefore, the attorneys must devote substantially more time to such cases than to other less complicated cases. Twelve cases involving packers were instituted during the fiscal year. At the end of the fiscal year, 10 formal cases in which complaints had been issued were pending and investigation reports in 7 other cases had been submitted to this office for initiation of formal proceedings. There is every reason to believe that the increase in packer cases will continue, since 63 investigations in this field were initiated during fiscal year 1959 and 42 of such investigations were pending as of June 30, 1959.

A major rate proceeding initiated during fiscal year 1958, which involves all the basic factors of rate making, has continued during the entire 1959 fiscal year. The hearings have been completed and the parties are now in process of preparing briefs. This proceeding has required the full time of one attorney for the entire fiscal year 1959 and will require his attention for several more months. Such case, because of its precedent nature, could result in a substantial number of other rate proceedings.

4. Poultry Products Inspection Act

The Poultry Products Inspection Act made applicable to poultry processors engaged in interstate commerce certain mandatory requirements comparable to those imposed upon meat processors under the Meat Inspection Act. The mandatory requirements became effective January 1, 1959, but provision was made for exemption from provisions of the Act until July 1, 1960, of any person engaged in processing of poultry or poultry products for such

period of time as the Secretary determines it would be impracticable to provide inspection. As of June 30, 1959, poultry establishments at 603 locations were operating under mandatory inspection and a substantial number of establishments were engaging in exempt operations.

The transition from a voluntary inspection program to a mandatory program has required a substantial volume of legal services. Numerous and difficult questions have arisen concerning the interpretation of the Act, the applicability of the Act to varying factual situations, and the breadth of the several exemptions. Various amendments of the regulations have also been prepared.

The mandatory inspection program has reached the stage where enforcement activities are steadily increasing. This increase should be particularly heavy during the next several fiscal years as the emphasis is changed from information and education to legal enforcement of the requirements of the Act.

5. Miscellaneous Regulatory and Service Programs

The workload under the remainder of the 50-odd regulatory and service statutory programs administered by the Department, such as the Commodity Exchange Act, the animal quarantine and plant quarantine statutes, the Federal Seed Act, the Tobacco Inspection Act, and various inspection and grading statutes, has remained at substantially the level of fiscal year 1958. The case load pending in the field of transportation proceedings before regulatory bodies, such as the Interstate Commerce Commission, increased to 65 such proceedings at the end of fiscal year 1959, which is substantially higher than has prevailed in recent years.

AGRICULTURAL RESEARCH AND STAFF LEGAL SERVICES

1. Fiscal Administration

A number of questions arose involving availability of appropriations for acquisition of real property, construction and alteration of buildings, and the remodeling or improvement of buildings under GSA control.

In cooperation with the Budget Bureau and the General Accounting Office, a number of problems were worked out incident to the use of foreign currencies and dollar funds under the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480), for research work. These problems included a determination of the effect of the enactment of Section 104(k) of that law as it bore on activities authorized by Section 104(a), as well as methods of handling the payment of expenses under Section 104(k).

2. Contract Appeals and Procurement

Members of this office served as members of boards of contract appeals pursuant to newly adopted Secretarial regulations. Other members of the office independently advised agencies on contract problems incident to such appeals and acted as counsel in the proceedings. New Federal Procurement Regulations issued by the GSA required reexamination of many contract practices. These regulations also were accompanied by reformed delegations of authority to this Department, in many respects broader than before, and assistance was given to administrative personnel in placing these rules into effect including the review of internal regulations and instructions for the Department. Several unusual problems were encountered in procurement for research purposes and for activities in presenting agricultural exhibits abroad.

3. Statehood for Alaska and Hawaii

The admission of Alaska as a State and the comparable action for Hawaii posed a number of problems as to the effect of such statutes on programs of the Department. Included in these were reexamination of all laws governing the various Department programs to determine what concurrent effect statehood would have and what changes, if any, should be sought in basic law. Assistance was given to the Budget Bureau in drafting pertinent portions of remedial legislation on behalf of the Department, culminating in Public Law 70, 86th Congress (Alaska Omnibus Act), enacted June 25, 1959.

In the case of Hawaii, studies begun in the latter part of fiscal 1959, will presumably be culminated in the current fiscal year, looking toward similar treatment of statutory authorities with respect to Hawaii.

4. Personnel Administration

There was an unusual amount of litigation involving present and former employees of the Department, arising partly from statutory provisions affecting employee status, and partly from changing or novel court rulings in this field. Assistance was rendered to the Department of Justice in the preparation of such cases. There were also a number of problems in the area of security, likewise brought about by recent court decisions.

Other major personnel problems considered during 1959 included those arising from the enactment of the Government Employees Training Act; the Alaska Statehood Act; interpretation of laws relating to preservation of salaries of employees in down-graded positions; overtime pay; and interchange of employees with State governments.

5. Research

A major project in this field continued to be consideration of bills and proposals for new and enlarged authorities in products research, especially in industrial utilization. Other research matters included interpretation of Public Law 85-934, which provides new authority for grants in basic research, and the review and analysis of a number of novel questions in connection with grants and contracts for research work.

6. Tort Claims

Although most of the tort claims continue to involve highway accidents, there has been an increase in the number of claims for personal and property damages arising from the use of the national forests for recreation by the public. Typical causes of such damage or injury are falling trees and limbs onto roads and into campgrounds maintained by the Forest Service for the public. The major legal issue in such cases is the degree of duty of the Forest Service to the using public to maintain natural facilities under very difficult conditions. Assistance was given to the Department of Justice in the preparation of defenses in several suits involving liability for damage by forest fires to private property. The use of a pesticide to combat the fire ant has involved the Department in the question of its liability for damages caused by the pesticide.

A total of 109 tort claims for \$14,374 was allowed under the Department's settlement authority, and 35 such claims for \$10,099 were disallowed. At the close of the fiscal year 48 tort suits involving the Department were pending in the courts, seeking damages totaling \$3,224,164.

7. Farmer Cooperatives

Opinions were expressed on several questions of new impression concerning the applicability of the Capper-Volstead Act to acquisitions of non-cooperative businesses by cooperatives and to proposed marketing arrangements. Three complaints of alleged violation of Section 2 of the Capper-Volstead Act ("undue" enhancement of prices by a cooperative), were considered for action but further action was not taken since in each case evidence adduced did not support the allegations. Cooperatives were given informational help on the legal aspects of a number of their functional problems, including, for example, interpretation of Internal Revenue rulings, and the scope of the "cooperative" exemption in the Motor Carrier Act.

8. Patents

During the year, 121 new patent cases were referred to the office and action was initiated on 123 cases. Two hundred and eighty-four cases were prosecuted through various stages in the Patent Office. One hundred and sixteen applications were filed and 99 terminated as patents; 22 appeals were filed before the Board of Appeals and 35 appeals were terminated, 24 of the 35 being terminated in favor of the Department. One interference was declared and one was terminated, favorable to the Government. Inventions submitted to the office for proposed patent applications involve the fields of chemistry, electronics, electricity, optics and mechanics. These patents are in the field of public interest in that they are directed towards new methods utilizing agricultural products, new materials derived from agricultural products to expand the field of their use and new equipment for use on the farm or in connection with the industrial use of agricultural products. For example, during fiscal 1959 patents were obtained relating to:

- a) cotton working apparatus;
- b) novel resins used to produce flame-, crease-, and rot-resistance in fabrics;
- c) insecticide compositions;
- d) the field of hormones, on compounds which are intermediates or precursors for conversion to cortisone;
- e) a process for the production of full-flavored, easily reconstituted orange juice powder;
- f) the production of food antioxidants and food packaging machinery; and
- g) in the field of agricultural machinery, a hydraulic soil sampler for taking deep core samples.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1959, were actually received or programmed for 1960 or 1961. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1959	Estimated Obligations, 1960	Estimated Obligations, 1961
Allotments from:			
<u>Disaster Loans, etc., Revolving Fund,</u>			
<u>Farmers Home Administration:</u>			
For legal services in connection with			
disaster loans, fur loans, and the			
liquidation of the Regional Agri-			
cultural Credit Corporation assets ..	\$26,224	\$29,200	\$29,200
<u>Acreage Reserve Program, Commodity</u>			
<u>Stabilization Service:</u>			
For legal services in connection with			
the acreage reserve phase of the			
soil bank program	55,062	- -	- -
<u>Conservation Reserve Program, Commodity</u>			
<u>Stabilization Service:</u>			
For legal services in connection with			
the conservation reserve phase of			
the soil bank program	34,488	a/ 160,000	a/ 160,000
Total, allotments	115,774	189,200	189,200
<u>Obligations Under Reimbursements From</u>			
<u>Governmental and Other Sources:</u>			
Salaries and Expenses	293	500	500
TOTAL, OBLIGATIONS UNDER ALLOTMENTS			
AND OTHER FUNDS	116,067	189,700	189,700

a/ Including liquidation activities related to Acreage Reserve Program.

OFFICE OF THE SECRETARY

Purpose Statement

The Secretary of Agriculture, assisted by the Under Secretary, the Assistant Secretaries, and members of their immediate staff, directs and coordinates the work of the Department; formulates and develops policy; maintains relationships with agricultural organizations and others in the development of farm programs; and maintains liaison with the Office of the President and with members of Congress on all matters pertaining to legislation and policy to insure effective performance of the agricultural programs.

The Office also conducts the following activities:

Personnel administration and service is carried on by the Office of Personnel, the staff agency of the Secretary with responsibility for the personnel management program of the Department. Department-wide leadership, supervision, and coordination are provided in employee performance and development, position classification, salary administration, employment, recruitment, placement, examination, separation, retirement, leave, personnel management, personnel investigations, employee health, awards programs, manpower utilization, personnel and records security, and employee safety. Operational phases of this activity have been substantially delegated to the agencies. A systematic review is made to measure each agency's effectiveness in serving its personnel management requirements.

Budgetary and financial administration and service is carried on by the Office of Budget and Finance, the staff agency of the Secretary with responsibility for functions relating to overall administration of the budgetary, fiscal, and related affairs of the Department. It provides leadership and coordination of these activities throughout the Department, including the acquisition and distribution of funds, accounting, internal auditing, budgetary and financial reporting, organization and management phases of budget and fiscal activities, and related matters.

General Operations are carried on by the Office of Plant and Operations, a staff agency of the Secretary exercising general staff management direction of the housing of the Department's activities, including technical services on design and approval of related construction projects; the leasing of commercial space and matters concerned with management of real property; procurement activities; purchasing, warehousing, utilization and disposal of administrative and operating supplies and equipment, and related activities. The Office performs administrative service functions for the Office of the Secretary and operates certain Departmental services in the District of Columbia, including telephone, telegraph, reproduction, duplicating, addressing and mailing, central storage and distribution of supplies and forms, and the Departmental post office.

Administrative management functions are carried out by the Office of Administrative Management, a staff agency of the Secretary responsible for Department-wide direction, leadership and coordination in the areas of management improvement, organization, administrative issuances, paperwork management, and committee management. Management analysis projects and studies are undertaken to improve administration and introduce new work performance techniques and equipment.

Regulatory hearings and decisions include the work of the Office of Hearing Examiners and of the Judicial Officer. The Hearing Examiners carry out the provisions of the Administrative Procedure Act relating to the holding of hearings (5 U.S.C. 1006, 1010). Hearings are held in connection with prescribing of new regulations and orders, and on disciplinary complaints filed by the Department, or on petitions filed by private parties asking relief from some action of the Department.

The Judicial Officer renders final administrative decisions in regulatory proceedings, and is responsible for preparing "Agriculture Decisions", a monthly publication containing decisions in connection with all quasi-judicial functions and administrative hearings of the Department.

The Hearing Clerk Unit, which operates under the Judicial Officer, is responsible for receiving, filing and acknowledging the receipt of complaints, petitions, answers, briefs, arguments, and other documents filed with the Department of Agriculture in connection with quasi-judicial and administrative proceedings under various regulatory laws administered by the Department.

The National Agricultural Advisory Commission was established pursuant to Executive Order 10472, approved July 20, 1953. It reviews national agricultural policies and the administration of farm programs, and makes recommendations thereon to the Secretary of Agriculture. Composed of 18 members, not more than 9 of whom shall be members of any one political party and at least 12 of whom must be representative farmers from the several geographic sections of the United States, the Commission meets at the call of the Secretary of Agriculture at least once during each quarter of each calendar year.

On November 30, 1959, employment in the staff offices comprising the Office of the Secretary under this appropriation consisted of 314 employees, 310 of whom were in Washington and 4 in the field. In addition, there were 152 employees under the Working Capital Fund under which certain central services are performed for other agencies on a reimbursable basis.

	Appropriated, 1960	Budget Estimate, 1961
Appropriation	\$2,881,000	\$2,899,500

(a) Salaries and Expenses

Appropriation Act, 1960 and base for 1961	\$2,881,000
Budget Estimate, 1961	<u>2,899,500</u>
Increase (for employee health benefit costs pursuant to Public Law 86-382)	<u><u>18,500</u></u>

PROJECT STATEMENT

Project	1959	1960 (estimated)	Increase Health Bene- fit Costs (P.L. 86-382)	1961 (estimated)
1. General administration..	\$618,028	\$621,215	\$2,985	\$624,200
2. Personnel administra- tion and service.....	695,856	703,114	+4,686	707,800
3. Budgetary and financial administra- tion and service.....	661,224	677,025	+4,375	681,400
4. General operations.....	593,132	606,686	+4,914	611,600
5. Administrative management.....	90,807	95,545	+655	96,200
6. Regulatory hearings and decisions.....	159,993	165,915	+885	166,800
7. National Agricultural Advisory Commission.....	11,402	11,500	- -	11,500
Subtotal <u>a/</u>	2,830,442	2,881,000	+18,500	2,899,500
Unobligated balance.....	29,808	- -	- -	- -
Total health benefits costs (P.L. 86-382).....	<u>1- -7</u>	<u>1- -7</u>	<u>+18,500</u>	<u>1-18,500</u>
Total available or estimate.....	2,860,250	2,881,000	+18,500 (1)	2,899,500
Transferred from "Conservation reserve program, Commodity Stabi- lization Service".....	-186,755			
Transfer in 1960 estimate from "Salaries and expenses, Office of Information".....	-4,600			
Total appropriation or estimate.....	<u>2,668,895</u>			

a/ Represents obligations. Applied costs for 1959 are \$2,835,218. The difference of \$4,776 reflects, primarily, the excess of contractual services and equipment used in 1959 over contracts made and orders placed in that year.

INCREASE

(1) An increase of \$18,500 is required to meet health benefits costs under Public Law 86-382, applicable to the base for 1961. A full explanation of the health benefit cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

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STATUS OF PROGRAM

1. General Administration.

The Immediate Office of the Secretary, with its broad responsibility for the development of national agricultural policies and the general management of the Department of Agriculture, coordinates the activities of and provides leadership and direction to the agencies of the Department in the overall administration of agricultural programs.

The Secretary, assisted by the Under Secretary and the Assistant Secretaries, determines policy under the laws providing for Departmental programs. The Assistant Secretaries, in their defined areas of responsibility, have delegated to them authority for the general direction and coordination of the various functions and activities of the Department.

In directing the work of the Department during the past year, the Secretary's Office gave special attention to the following areas:

a. Adjustments in farm programs, particularly price support activities and the Conservation Reserve Program, in line with the President's recommendations to Congress.

b. Extension of the Agricultural Trade Development and Assistance Act (Public Law 480).

c. Initiation of conferences with representatives of other nations and the Food and Agriculture Organization relating to the President's Food for Peace Program.

d. Intensification of the Rural Development Program to help farm families in all parts of the Nation to increase their income through more efficient farming and off-farm employment opportunities. Work is under way in 30 States and Puerto Rico with pilot efforts in 63 counties and 9 areas affecting in all some 200 counties.

2. Personnel Administration and Service. The Office of Personnel is responsible for the general direction, coordination and administration of the Department's personnel management program. This program includes position classification, pay administration, classification and qualification standards, recruitment, placement, retirement, separation, leave, examination, employee performance, development and training, manpower utilization, employee safety, awards programs, personnel investigations, employee health, employee benefits, personnel records and security and personnel management. The Office delegates authority to the agencies to enable completion of personnel actions at appropriate operating levels with a minimum of review, develops and administers standards and uniform practices for all phases of personnel management, issues written instructions to agencies concerning regulatory and administrative policies and procedures and reviews personnel activities of agencies carried out under delegated authority.

The following examples are representative of the continuing problems with which the Office must deal along with the fundamental function of planning and administering an effective personnel management program for the Department:

Personnel Management and Review: As a means of supervising the personnel activities of the several agencies of the Department and to insure the proper use of the delegations of authority which have been given to the agencies, this Office has engaged in an active program both with the Civil Service Commission and its own of inspecting or reviewing each agencies' operations.

During the past year this Office participated with the Civil Service commission in the inspection of about one-half of the agency personnel offices. During the same period approximately one-third of the agencies of the Department were visited independently by representatives of this Office. These reviews have reflected an intelligent use of the authorities which have been delegated to the agencies and in general a good job of personnel processing has been accomplished. Instances have been discovered where improvement in the substantive personnel program was indicated. Significant areas needing further attention are: (a) Lines of communication between the administrator, or other directing official of the agency and the rank and file of the employees needed to be strengthened. (b) Instances where further training of employees was needed. (c) More emphasis placed and improved use made of the incentive awards program.

Through the reviews the Office has tried to bring about a better informed staff and more employee participation in management in several of the agencies. Looking to the future of this program, each agency is being encouraged to embark on a program of self-evaluation, to serve as a means of their own self-improvement and at the same time minimize the need for reviews from the central office.

The Office has served in a leadership capacity to draw together representatives of Department agencies in a combined effort to improve procedures and records pertinent to personnel operations. This endeavor has resulted in the improvement and standardization of certain forms and as a means to reduce the number of duplicate records maintained in agencies with Washington and field offices.

Implementation of the Training Act: In addition to the general leadership and direction which the Office of Personnel has given to training of employees, it has also concentrated on the development of policy, plans and regulations to insure the most effective use of the authorities and the acceptance of the responsibilities provided by the Government Employees Training Act of 1958. To accomplish this the following steps have been taken: A temporary program was developed and used during the year pending the establishment of a permanent program; an Advisory Committee was appointed; eight sessions of the Department's Training Seminar were devoted to discussions of the Act, the Civil Service Commission regulations as they were being developed, and the policy and regulations of the Department at various stages of development; draft of the regulations was submitted to the Department's Management Improvement Committee for discussion, changes in the regulations were recommended by a small ad hoc committee, and further revisions were made by the Office of

personnel in line with these recommendations; a careful review for approval was made of all assignments for outside training--which provided a preview of the future use of authority for outside training. These steps have served to inform agency officials of the Department about the provisions of the Act and assist them in determining how best to make effective use of them.

It is expected that the final policy and regulations will provide a basis for operation under this new legislation which will insure the maximum improvement in the operations of the Department. It is hoped that the reports and other means of checking compliance can be kept to a minimum leaving as much time as possible for extending to the agencies leadership and assistance in the use of this excellent piece of legislation.

Standards: During fiscal year 1959, the Office worked on 36 standards projects covering more than 23,000 positions in the Department. Work has been completed on 30 of these projects. The Civil Service Commission, as part of its program to accelerate standards production throughout the Government, initiated 21 of the projects, with this Office responsible for coordinating review and evaluation activity for validation purposes throughout the Department. Agencies of the Department, with advice and guidance from this Office, initiated the other 15, covering positions predominantly peculiar to the Department in such occupational groups as forestry aides and technicians, soil scientists and warehouse examiners. Eight of the projects initiated by the agencies required this Office to engage in a complete occupational study of the positions involved and the preparation by the affected agencies, for review and approval of both position classification standards and civil service examining or qualification standards for the positions.

Specifically projects initiated by the Civil Service Commission and submitted to the Department for comments and suggestions included the following:

Occupational Standards: budget analysts and budget officers; card punch operators; chemical engineers; construction engineering inspectors; educational and vocational training officers; electronic engineers; engineering aids and technicians; freight rate clerks and technicians; guards; legal instrument examiners; messengers; nonsupervisory personnel officers and assistants; varitype operators.

Classification standards: administrative officers and assistants; civil engineers; electronic technicians; engineering draftsmen; physical science technicians; professional legal positions; telephone operators; supervisors of one-grade interval (i.e., principally clerical) work.

Projects initiated by agencies of the Department and submitted to the Office for review and clearance prior to negotiation with the Civil Service Commission for final approval, included the following:

Occupational standards: crop insurance field supervisors; forestry aides and technicians; forestry and range fire control aids and technicians, plant quarantine inspectors; range conservationists; soil conservation aids; soil scientists; warehouse examiners.

Classification standards: Agricultural engineers.

Qualification standards: ASC grain testing aides and grain graders; foreign agricultural affairs officers; foresters; pest control workers, veterinarians.

Also, a project to provide revised rating schedules for rating the applications of candidates for professional and scientific positions predominantly peculiar to the Department was completed during the fiscal year. This covered professional positions in the agricultural and biological sciences, agricultural economics, and marketing and statistics.

Revision of the Federal Personnel Manual: This Office participated in a work group of the Interagency Advisory Group in the development of an overall revision of the format, preparation and issuance of policy and regulations on personnel matters now generally contained in the Federal Personnel Manual. The purpose of the revision is to standardize format, and to reduce the main part of the Federal Personnel Manual by elimination of operating instructions which are generally of concern only to technicians. In effect the main Federal Personnel Manual will be written for middle management with emphasis on policy, standards and guidelines. The general format of each subject matter division, which will be tied in by code numbers to the subject outline of Title 5 of the U. S. Code, will attempt to list first the legislative requirement, then the Commission regulations, and last, any further amplifying material such as Comptroller General's decisions. Through this format it is believed that much repetition can be eliminated and thus reduce the size of the manual and improve its usefulness.

Training in Administrative Management: As a result of an evaluation of two trial TAM Institutes for training field leaders during fiscal 1958, the Department's Management Improvement Committee asked that the Office of Personnel plan and conduct four additional Institutes. These Institutes were held at Santa Barbara, California in February 1959 for the western states; at Athens, Georgia in April for the southeastern states, at Amherst, Mass. in July, 1959 and the fourth and last at Oklahoma State University in September. On completion of these Institutes the Department will have located throughout the country more than 200 field officials who will make up a cadre of leaders for giving direction to responsible field officials in planning and conducting one week workshops for training field administrators in improved management and a better understanding of the policies and functions of the Department.

Ten workshops have been conducted and eight others have been planned for fiscal 1960 by the leaders trained in the Institutes. After the last field Institute in September emphasis will be given to the follow-up and evaluation of local workshops and the training of administrators stationed in Washington.

The Department's functions vary so greatly and its employees are scattered so widely that it is difficult for employees to maintain an adequate understanding of parts of the Department other than the ones in which they work. This problem has always existed but during fiscal year 1959 steps were taken to meet this problem in a practical way. It has been found that one of the more important results of the training in Administrative Management Institutes and Workshops has been the improved understanding of policies, functions and problems by field administrators which they got from working and studying with their counterparts from other agencies of the Department.

Extension of the Department's Executive Development Agreement: The Civil Service Commission approved an amendment to the Department's Executive Development Agreement which had the effect of extending the coverage and appropriate utilization of the plan to many groups of employees not heretofore eligible. This extension provides management with a much more effective supplement to existing facilities for the planned and systematic career development of employees with high potential for administrative responsibilities. It will also assist in the much needed area of developing an adequate reserve of employees for future assignment as career executives.

Delegation of Authority to Agencies: The Office is constantly appraising the needs of agencies for more authority to effectively administer their personnel program as evaluated against the necessity for control to assure conformance to policy and high standards of personnel administration. In the past year, authority was delegated to the agencies to (1) establish non-standard hours of duty subject to compliance with basic standards and policy, (2) classify standard jobs, (3) effect seasonal re-employment without the prior approval of the Director of Personnel after approval has been given for the first such employment in those cases in which no new or additional derogatory information has been disclosed, (4) recommend removal of employees for unsatisfactory performance through the charges and answer procedure rather than through procedures provided under the performance rating act, and (5) the authority to grant cash awards to individual employees and to groups of employees, for benefits resulting from suggestions, performance and special acts was increased from \$300 to \$500 for a one year period beginning February 2, 1959. These delegations are in the interest and for the purpose of improving personnel administration in the Department by placing at the appropriate operating level the authority necessary to carry on the day-to-day personnel operations with the minimum of guidance and the least disruption and delay in their consummation.

Investigations, Disciplinary Actions, and Suitability Determinations:

During the fiscal year 1959, 142 investigations of various types of employee misconduct were conducted. These included travel voucher irregularities, intoxication on duty, insubordination, bad supervision and office relationships, and misuse of government-owned vehicles. Also, 24 investigative files in other departments relating to applicants for appointment in this Department were reviewed.

1426 disciplinary cases were handled. Of these 184 resulted in letters of reprimand only, 195 in reprimand plus suspension, 151 in removal, 145 in resignation, and in 751 cases it was determined that no action was warranted. In addition, during the fiscal year, 715 national agency checks and inquiry files containing derogatory information relating to new appointees were reviewed to determine suitability for retention and appropriate disciplinary action.

During the year particular effort was made to screen carefully results of pre-employment inquiries relating to applicants, to preclude the appointment of those concerning whom there was a substantial question as to suitability for appointment; and also where the results of national agency checks and inquiries disclosed derogatory information of a serious nature to eliminate such persons during their probationary or trial periods.

Reading Improvement Program: In fiscal year 1959 reading training was given to another 392 higher-level employees (generally GS-11 and above). These employees estimate they read on the average about 4 to 4½ hours daily. Evaluation at completion of training is both subjective (course evaluation questionnaires) and objective (alternate forms of pre-course tests). On the questionnaire, 91% indicated they had improved their reading efficiency as a result of training. 70% said they were getting through their incoming mail faster.

Faster reading, more systematic and selective reading, better management of time and more reading were given as other specific values derived from training.

Tests given at the end of training using difficult or study-type material showed an average 22% improvement in speed of comprehension and 10% in depth or level of comprehension. On less difficult, standard material, end-of-course tests showed an average 70% reading rate improvement with comprehension remaining at an optimum level for this type material.

Employee Health: Poliomyelitis immunization was offered to all Departmental employees without age limitation through a cooperative arrangement between this Office and the USDA Welfare and Recreation Association. This consisted of three hypodermic injections of the immunizing vaccine. A total of 5492 injections were given.

Under the same cooperative arrangement influenza immunization was also offered to all Washington area employees. The immunization consisted of two injections of the vaccine. A total of 7158 injections were given.

Work Load on Individual Transactions in the Operational Phases of the Program: In addition to the leadership and staff functions of the Office, the work load on individual transactions in the operational phases of the program continued to be heavy. During fiscal year 1959 work load data records maintained reflect the following:

1. Applicants interviewed	4245
2. Applicant correspondence	1824
3. Mailings in response to employment inquiries	2742
4. Recruitment and placement contacts	1112
5. Debt complaints	494
6. Prior approval actions processed	644
7. Regular and special reports	112
8. Grievances	13
9. Appeals-Classification, performance rating and fair employment	25

Review of Office Policies and Organization: As a part of the continuing effort to direct resources to the essential phases of personnel management and to improve working relationships and understanding with the agencies and the Civil Service Commission, the Office conducted two series of meetings during the year. The first series of meetings covered the organization, functions and operations of the Office. The second series was a joint meeting between this Office, agency personnel officers

and the Civil Service Commission to determine problem areas and find solutions to them. These meetings were very helpful to this Office, serving as the basis for making several improvements in our program and eliminating some of the problem areas through a frank and constructive approach to resolve them.

3. Budgetary and Financial Administration and Service

The Office of Budget and Finance is responsible for department-wide coordination of the budgetary and financial aspects of Department programs and activities, including the acquisition, distribution and control of funds; accounting; internal auditing, including program investigation; budgetary, financial, and legislative reporting; and the organization and management of these and related activities throughout the Department

Among the special activities in the field of budgetary administration requiring action by the Office in the past year were the following:

a. Reduction in Volume of Budget Status Reports. As a result of a Department study of Budget Bureau reporting requirements, recommendations were made to and approved by the Budget Bureau which reduced the number of separate Department reports on budget status submitted to the Budget Bureau from about 1300 per year to about 450, a reduction of over 65 percent.

b. Savings due to Reduction in Planned Employment. As a result of the President's request that 1959 employment be reduced by at least 2% over that which could be reasonably financed from available funds, agencies of the Department revised their budgetary plans and by June 30, 1959 accomplished a reduction of 3,844 from the employment of 101,064 originally programmed, a reduction of 3.8%. Savings resulting from the reduced employment levels were used in part to absorb increased pay and postage costs resulting from new legislation.

In budgetary and financial reporting a wide variety of special reports was handled to meet administrative needs and to provide information responsive to requests from Congress, various public and private organizations, and the general public. In addition, a number of recurring agency reports receive Departmental review and clearance before submission to the Budget Bureau, Treasury Department and other agencies. The improvement of agency reporting systems and the development of improved reporting procedures and techniques constitute important responsibilities in this area, including liaison with agencies outside the Department on such matters.

Examples of the more important activities during fiscal year 1959 are:

a. Revision and reissuance of a 49-page pamphlet describing in summary narrative form the activities of the Department. This pamphlet continues to be a useful tool in responding to many inquiries from many sources seeking information on the Department's programs.

b. Reissuance of statement of the Department's budget expenditures segregating programs predominantly for the benefit of the farmer from those programs having multiple benefits and not directly chargeable to the farmer. This method of expenditure reporting continues to receive considerable interest both inside and outside the Government.

825 legislative reports were prepared or reviewed from the standpoint of budgetary and related administrative and program implications, revised when necessary, and cleared with the appropriate agencies. This compares with 506 reports for 1958 and 754 for 1957. The number for 1959 was the highest in the history of the Department.

Inasmuch as all large agencies of the Department now have independent internal audit staffs, this Office is concentrating on increasing the effectiveness of the internal audit and program investigation activities. Technical assistance was furnished the agencies in the development and maintenance of internal audit programs in conformance with guidelines prescribed by the Comptroller General and Department policies. Examples of these efforts during the part year are as follows:

- a. Reviews were made of the internal audit functions in the Agricultural Research Service, Commodity Stabilization Service, Federal Extension Service, and Foreign Agricultural Service, and of the program investigation functions in the Commodity Stabilization Service and Farmers Home Administration. Attention was given to organization, scope of review, techniques employed, and adequacy of reporting.
- b. In recognition of the increasing importance of automatic data processing, a series of training sessions were held for representatives of agency internal audit staffs to acquaint them with such operations and with the methodology for audit of the process.
- c. The attention of agency auditors was directed to the need for reviewing areas where economies might be effected and improvements made in operations. Attention was also given to the review of certain areas in record management activities.
- d. A study was completed which resulted in a simplified system for handling certain types of investigation reports.
- e. A project has been initiated whereby certain audit reports of the agencies will be reviewed periodically to determine their effectiveness. This review will include the format, contents, readability, size, and other related factors. It is anticipated that these reviews will result in assisting the agencies' audit staffs in more effective presentation of findings to management.

During the year this Office conducted or participated in a number of Department-wide surveys directed towards improving accounting, strengthening fiscal controls, and simplifying operating procedures. The following two cases are examples of areas studied during the last year:

a. A review was made of agency accounting practices to determine adequacy of the accounting system to provide financial information for management, the budget, and reporting. Leadership and technical assistance was furnished the agencies in resolving particular problems in applying current accounting concepts. Particular emphasis was given to accrual accounting for program activities in relation to the methods of financing and the budgetary statements required. Within regulations and prescribed accounting principles and standards, accrual concepts were simplified to facilitate the development of financial information.

b. Other procedural improvements made during the year include:

1. In cooperation with Agricultural Research Service, procedures were developed which will provide improved accounting control over property and more economical record keeping.

2. Based upon action initiated by the Department, the Comptroller General has issued Government-wide regulations eliminating the requirement for showing name and address of the Treasury disbursing office on various Standard Forms. A considerable saving of time in the preparation of these forms will be realized.

c. Revised regulations were issued relating to general financial and fiscal policies and responsibilities relating to (1) administrative approval of travel expenses of employees, (2) financial control over property, (3) uniform collection procedures, and (4) clarification of Department policy on cooperative arrangements.

d. The Office continued to give emphasis to the development of revised accounting systems. The more significant accomplishments are (1) Revised accounting systems for seven agencies have been approved by the Comptroller General; (2) Accounting systems for Library, and Working Capital Fund for the Research Center have been submitted to the Comptroller General for approval; (3) Accounting systems for FHA, Office of the Secretary, and Forest Service appropriated and other funds have been completed and are being reviewed; (4) Accounting system development work for the AMS, ARS, and FCIC are nearing completion; and (5) Accounting systems review started in SCS.

4. General Operations.

The Office of Plant and Operations is responsible for the general direction, coordination and guidance of all phases of Department-wide programs in the fields of space, real estate, supply and property management, and provides administrative services for the overall Office of the Secretary and departmental service operations in the District of Columbia.

The following represents some of the more significant developments and improvements in the fields of real and personal property and in service operations:

Real Property Management Services: There was a lull in new Department construction during fiscal year 1959, and consequently there were few pressing problems in this area. Work was satisfactorily completed and space occupied on such projects as: Laboratory buildings at Beltsville, Maryland; Weslaco, Texas; Winter Haven, Florida; and Fort Collins, Colorado. The completion of the soil and water laboratories at Morris, Minnesota; Oxford, Mississippi; Riverside, California; Phoenix, Arizona; and Watkinsville, Georgia, is expected by the latter part of this summer. Work continued on the National Disease Laboratory at Ames, Iowa, with full completion of this project not scheduled until fiscal year 1961.

Construction of buildings by General Services Administration under the Purchase Contract Program is progressing satisfactorily and required considerable attention from this office in working out effective utilization. Several smaller projects have been completed and the space occupied. Of these, the one at Durham, New Hampshire, housing the State Offices of the ASC and Soil Conservation Service, was of greatest importance as it enabled the Department to complete the project of upgrading space for these offices. Little progress was made, however, by the General Services Administration in the program for the construction of new Federal buildings under direct appropriation; however, a large number of design contracts were entered into and this office provided the necessary information regarding the Department's requirements in buildings at 36 locations.

The Department's program of improving and upgrading field space continued. New leased buildings were constructed and occupied by consolidated offices in Berkeley, California; Spokane, Washington and Lexington, Kentucky. Leases were also executed for the construction of new buildings for the consolidated housing of State offices in Gainesville, Florida and East Lansing, Michigan, which are to be occupied during the next year.

The program for improving and upgrading space of the Department in Washington, D. C. continued and contracts were let by the General Services Administration to complete the air conditioning of all office space in the South Agriculture Building and for the extension of the chilled water lines in the Administration Building. A design contract was let to complete the air conditioning design of the South and Administration Buildings. The program for modernization of lights, and installing acoustic ceilings continued in the South Agriculture Building in the space on the fifth floor, first and second wings. The replacement of floor covering also continued in the second wing, South Building and in certain portions of the Administration Building.

The program for modernization of Federal buildings in the field through improved lighting, painting, air conditioning, etc. also began to produce results, more particularly in the South and Middlewest.

The most significant development this year in the field of space management was the development of utilization guides for the Commodity Stabilization Service, Farmers Home Administration and Soil Conservation Service for both their State and County offices.

Realty Disposals continued to receive considerable attention. Eight properties, costing \$228,940, were reported excess to the Department and 272 properties, costing \$596,251, were disposed of under delegated authority. The Department's real property holdings as of June 30, 1958,

totalled 188,352,064.5 acres of land and the cost of land and improvements was approximately \$861,038,000. The Department also occupied 1,580,002 square feet of space in Washington, D. C. and 31,569,501 square feet of space in the field as of June 30, 1959. The increase of approximately 11,000,000 square feet in the space occupied in the field over 1958 results primarily from the reporting for the first time of space in Government owned buildings under the control of the Forest Service.

Procurement and Personal Property Management Services: Policy guides and standards were developed for Department-wide organization of supply and forms distribution and codified in the Administrative Regulations, based on studies over the past two years of the acquisition, storage, and distribution of supplies, equipment, and printed forms by agency field offices. This supply organization policy is being translated into a positive action program, and during the year (1) the responsibility for acquisition, storage, and distribution of office supplies was assigned to one agency at five separate field locations where there is a concentration of Agriculture offices in the same building, and (2) a number of primary Departmental printed forms distribution points were consolidated. This program of consolidating supply services is continuing.

A joint survey with the Agricultural Research Service was made of their purchasing and supply organization and operations and recommendations were implemented which should provide for significant reductions in paperwork and improved purchasing procedures.

A staff member served as Chairman of the Committee on Sources of Supply and Procurement Methods, Interagency Supply Management Conference. A number of recommendations of this Committee have been adopted by appropriate authority and will lead to improvement in the efficiency and economy of supply operations throughout the Federal Government, while others are under consideration as to their adoption.

A staff member of the office served as Chairman of an Inter-Departmental Task Force Committee for improving the format, indexing, and distribution of Federal Supply Schedules and amendments thereto. The report of this Committee was forwarded to General Services Administration for implementation of the various recommendations contained therein.

All study groups of the GSA Task Force to develop uniform and simplified procurement policies and procedures in the assigned areas in which members of this staff participated have, with the exception of one group, rendered final reports. Since their inception, staff members served on 10 such groups, and during the past year members served on three groups.

The office coordinated and prepared Department comments and recommendations on twenty-two proposed GSA policy and procedure issuances in such areas as late bids, liquidated damages in Government contracts, Labor standards provisions in construction contracts, contract clauses, and standard construction and supply contract forms.

Transportation and traffic management guidance, assistance, and advice was rendered Department and agency personnel. The office participated with GSA's Transportation and Public Utilities Service in an analysis of traffic management needs of the Forest Service and Rural Electrification Administration and assisted these agencies in the implementation of recommendations in this area.

Contract appeals procedures were established and published in the Federal Register and codified in the Administrative Regulations to facilitate the hearing of appeals by contractors from decisions of contracting officers on administrative-type contracts.

This Office continued to coordinate Department-wide activities and to improve operating policies and methods in the following areas: (1) studies of agency supply patterns to determine adequacy of management and operating systems, (2) inspection of field offices to determine the effectiveness of methods and techniques (25 offices were inspected during the year), and (3) implementation of procurement policies and procedures through revision of the Administrative Regulations.

Administrative Regulations were issued implementing the new Small Business Act and establishing policy and procedure for setting aside construction and service contracts for exclusive award to Small Business concerns.

The Office awarded 25 contracts for agencies of the Department; reviewed and approved 90 research contracts for agency award; and completed one hearing of an appeal by a contractor under the Board of Contract Appeals procedure.

Surveys of 15 contractors were made by agencies and reviewed by the staff to determine compliance with the nondiscrimination policy of Government contracts and to assist in evaluating the effectiveness of the program of the President's Committee on Government Contracts. A member of the staff participated with an interdepartmental group which developed the feasibility of including the nondiscrimination provision in Government bills of lading. Staff members also participated in 3 seminars sponsored by the President's Committee to train compliance officers in this area.

In the area of Federal Specifications and Standards, cooperative activities with the General Services Administration and other Federal agencies continued. In this connection, there were submitted to the agencies for review 385 proposed revisions of or interim Federal Specifications and Standards, and 2 new specification projects were assigned to the agencies for development. Also, 40 proposed Commercial Standards and Simplified Practice Recommendations, submitted by the Department of Commerce, were coordinated with appropriate agencies of the Department.

Staff members served on the GSA Task Force which developed the Federal Procurement Regulations, a new system for codification and publication of the procurement policies and procedures of the various Government agencies, which were published in the Federal Register March 17, 1959. Action was substantially completed on amending the Department Administrative Regulations to conform with the new Federal Procurement Regulations.

The Administrative Regulations were revised to eliminate the requirement for Board of Survey action on unserviceable property and lost, stolen, damaged, or destroyed property where no employee negligence is involved, by placing this responsibility on property management officers.

The Department's excess personal property pool achieved Federal utilization of 40% (or \$76,144) of the property received. The remainder was turned over to non-Federal agencies qualified to receive donable property.

This Office completed a motor vehicle utilization analysis and field survey of Soil Conservation Service field operations and made certain recommendations for improving agency motor vehicle management. This Office participated with the GSA on eleven motor pool studies to determine the extent to which Department vehicles should be included in proposed motor pools.

Service Operations: The acquisition of an inserting and mailing machine in the Department's Printing Plant permitted the transition from manual to an automation process in the collating and inserting of "Smokey Bear" fire prevention packets and kits material. It is estimated that during a 12-month period approximately 1,400,000 pieces ranging from gummed stamps to a bookmark in the shape of Smokey Bear will be collated into approximately 200,000 kits and inserted into envelopes for mailing to the public. This machine has made it possible for one employee engaged part-time only to process the "Smokey Bear" requirements, which formerly required an average of four (4) employees full time.

The public demand for these materials is fairly constant throughout the year. However, it increases considerably when the program is concentrated in a particular area of the country coming into its "fire season". It is now possible with this machine to satisfy any reasonable volume that might occur, thus eliminating the possibility of impairing the program's effectiveness by delay in mailing the material to the public.

Training Program for Foreign Nationals: During the fiscal year 1959, the Department's Printing Plant was visited by (6) foreign nationals of Yugoslavia, Turkey, and Brazil as participants in the International Cooperation Administration Training Program for Foreign Nationals. The participants studied layout, choice of paper, purchasing of raw materials, operational techniques of offset and other reproduction machines, bindery equipment, and relative advantages of various machines, general maintenance and production and distribution of the printed product.

5. Administrative Management

Through the Office of Administrative Management staff services are provided for general direction, leadership, and coordination of activities to improve organization, work methods, and management functions in the Department.

Statements of accomplishment and progress in major areas of responsibility are shown below.

Management Improvement. The Department's Management Improvement Committee, under the chairmanship of the Administrative Assistant Secretary and with

staff assistance provided by Office of Administrative Management, held 11 meetings during the past fiscal year. The Committee, in its advisory role, considered such matters as the following:

- (1) A Departmental training program, designed to carry out the objectives of P.L. 85-507, Government Employees Training Act. The program is aimed to support official activities of the Department by training needed to increase the competency of employees on the job, through attendance at educational institutions or special courses under Federal auspices.
- (2) Evaluation of the Department's "Training in Administrative Management" program, to determine effectiveness of methods and the results obtained from T.A.M. Institutes and Workshops. The Committee endorsed plans for regional institutes and local workshops to provide middle-management employees in the field opportunity for improving their knowledge of administrative techniques and their management skills.
- (3) Proposed changes in field library services. Prior to Departmental action, the Management Improvement Committee was advised of problems encountered in providing adequate library services in the field and the alternatives under consideration. Secretary's Memorandum No. 1431, issued on June 25, 1959, authorized agency-operated field libraries at designated locations where there were concentrations of employees engaged in research activities.
- (4) Training in supervisory responsibilities. Recognizing that first-line supervisors in all agencies have a common need for basic skills in exercising similar responsibilities, the Committee recommended development of guidance material and specific training courses by the Department which could be made available for agency use.
- (5) Department policy on house organs and employee bulletins. Through deliberation on policy issues, conclusions were reached concerning (a) retention of "USDA - Employee News Bulletin" as a Department-wide publication, (b) avoidance of agency "house organs," (c) approval of special releases to advance programs such as incentive awards, safety, etc., and (d) use of Administrators' Memoranda or similar issuances for employee communications.
- (6) Forest Service paperwork survey. This was a report on the long-range program carried out by the Forest Service to analyze and improve its total paperwork operations. Revision of the Forest Service Manual is one phase of the program.
- (7) Utilizing group meetings for management improvement in Rural Electrification Administration. This was a report on a committee technique used in REA for producing large numbers of management-improvement suggestions, stimulated and refined through organized group action.

Organization. During the past year, the Office analyzed and approved 58 organizational charts, incorporating significant changes in functional assignments and operating relationships of ten agencies of the Department. Major changes were reported to the Senate Committee on Government Operations.

Administrative Issuances. Complete regulations and policy guidelines, governing activities which are the responsibility of the Office of Administrative Management, were compiled from previous publication sources and published as Title 10 of the USDA Administrative Regulations. In addition, the groundwork was laid for a systematic reappraisal of all existing regulations and attendant publication techniques, with a view to improving them. During the past year the Office also originated 15 office memoranda and 5 Secretary's Memoranda issued to agencies of the Department.

Committee Management. A survey was made of committees to up-date information with respect to their status and classification, and central committee records were reorganized for more effective service. Current information is maintained on (a) public advisory committees, (b) inter-departmental committees, and (c) departmental committees.

Paperwork Management. a. Forms. Arrangements were made for the General Services Administration to conduct a series of Forms Improvement Workshops in Department agencies, as an effective means of reducing the volume of paperwork by improving and eliminating forms. Six orientation workshops were attended by 240 of the Department's top officials. Twenty-one operational workshops were participated in by 373 program and administrative personnel. Additional workshops are planned for employees in field locations.

This Office sponsored seven new Department (AD) forms during the year. These forms were created as working tools for improving the preparation of camera copy, forwarding mail, inventorying records, clearing mapping projects, and reporting improvements resulting from records disposition workshops. Five of the forms replaced seven similar agency forms.

b. Reports. As a result of Department-wide review of reporting systems and requirements, called for in Secretary's Memorandum No. 1420, agencies submitted recommendations to this Office for the discontinuance or modification of requirements affecting 50 external reports. These are in process of evaluation by appropriate staff offices or by central agencies of the Government which prescribe the various reports.

c. Records. In addition to the technical supervision of agency records management activities throughout the Department, achieved by review and analysis of agency records activities such as acquisitions, dispositions and holdings, and transfers to depositories, and by close operating contacts, assistance was given on special records management projects. In cooperation with the Office of Budget and Finance, a guide was developed for use by agency internal auditors in checking records maintenance and disposition at field locations. Guidance and assistance were rendered to the Forest Service in the development of a Manual-Coordinated Filing System. This entailed approximately two and one-half months of field travel to insure proper correlation at all organizational levels and participation in training workshops on the System. A records disposition workshop, developed by the General

Services Administration, was presented to all records officers in the Department who, in turn, will carry the program throughout their respective agency and staff offices. Day-to-day guidance and assistance is given to agencies in improvement of filing systems and the disposition of records under approved disposal schedules. During 1959, the Office reviewed 10 records retention and disposal schedules providing for appropriate action on 177 categories of records material. Summary data on USDA records holdings as of June 30, 1959, are as follows:

	<u>Washington, D. C.</u> (cubic feet of records)	<u>Field</u>	<u>Total</u>
On hand July 1, 1958	140,710	772,739	913,449
Disposals during the fiscal year ..	16,782	85,415	102,197
Transfers to National Archives and Records Service during the fiscal year	5,961	23,094	29,055
On hand June 30, 1959	126,045	776,867	902,912

Progress on Special Projects. Specific areas to which staff attention was directed include:

a. Survey of Archival Material. The Department Library found that historical reference material accumulated over a period of years, documenting administrative activities and program activities of USDA agencies, had imposed a heavy functional responsibility of questionable value to the Department. In response to Secretary's Memorandum No. 1428, the Office of Administrative Management collaborated in resolving problems of policy and procedure. Based on the survey conducted in cooperation with agency representatives, the Director of the Library was relieved of archival responsibilities through the issuance of Secretary's Memorandum No. 1428.

b. Field Library Services Studied. As the Department's programs have been decentralized, particularly in the expansion of research facilities, there have been difficulties in providing adequate library services in the field. To explore this situation the Office organized a field survey in cooperation with the Library and the Office of Budget and Finance. The survey report recommended agency-administered field libraries in order that library services be better integrated with agency program needs. Secretary's Memorandum No. 1431 gave effect to the survey recommendations at designated field locations where concentration of work and research staff warrants on-site library services.

c. Official Mailings Under New Procedure. Since 1955, the Department has paid for its penalty mail usage under a simplified procedure, using unit cost rates and the volume of penalty acquisitions to determine total liability. Special postal services, and regular mail over four pounds, were paid for by actual postage or fees. During the year this Office, in collaboration with the Office of Budget and Finance and representatives of agencies, studied a plan already in effect in a number of Federal departments and agencies, for obtaining and paying for all postal services through the use of a single "Postage and Fees Paid" indicia. Details were worked out with the Post Office Department and Departmental procedures were prepared for agency guidance. These provided for retention of penalty acquisitions, and the re-determination

of unit costs through sampling of mail operations, as a basis for future reimbursement of the Post Office Department for postal services received.

d. Records Depository Space Curtailed. Space available for interim storage of semi-active files of Department agencies was reduced 41% as a result of the installation of air-conditioning equipment in the South Building. The contraction reduces records storage capacity from 8,500 transfer cases to 5,000 cases. Through consolidation of the files and disposition of a substantial quantity of records, adjustment was made to conform to the space reassignment plan. Future effort will be made to accelerate direct transfer of non-current records to the Federal Records Center.

e. Paperwork Surveys. During the year surveys were made in three agencies to evaluate agency practices in the handling of forms, reports, correspondence, mail handling, and records. The agencies involved were the Rural Electrification Administration, the Office of the General Counsel, and the Soil Conservation Service. The specialized areas are studied with the following objectives: (1) to afford background knowledge for staff office personnel in the development of policies, procedures and program guides; (2) to aid agency officials in the application of improved management techniques and principles; and (3) to assure Department officials that reasonable standards of efficiency prevail and that emerging problems are promptly recognized for attention and action.

f. Administrative Regulations. Editions of the Administrative Regulations of the Department were published in 1924, 1933 and 1943. These editions were extensively supplemented through numerous series of staff office issuances. In 1947, all permanent provisions of these various issuances were codified into a single body of Administrative Regulations. In the intervening twelve years, portions of the text have been heavily supplemented and revised, but constant revision is necessary in order that the Administrative Regulations reflect changes in operating structures and methods throughout the Department and the Government.

This Office has initiated plans for continuing review of the text of the Regulations, as well as the form and style of publication, in order (1) to bring the provisions of all Regulations in line with current practices and needs; (2) to provide regulatory and directional material to Department users in the most efficient form and arrangement; (3) to improve the written style of the Regulations in accordance with modern concepts of brevity, simplicity and clarity; and (4) to provide similar guidance to agencies in improving their issuance systems.

g. ADP Cooperation with Budget Bureau. The Office of Administrative Management has a primary responsibility for staff guidance and coordination of automatic data processing activities in the Department. Through its representative on the Interagency ADP Committee, sponsored by the Budget Bureau, the Office participates in the Government's objective of planning and developing guidelines for the systematic exploration and adaptation of ADP throughout Government. This Office's representative has participated in the development of project and task force objectives dealing with broad phases of ADP applications, such as "Multi-Use of ADP Systems." Departmental

agencies with large ADP installations are pioneering aggressively in the field of multiple-use and equipment utilization, in furtherance of the Department's, as well as the Interagency, ADP program.

6. Regulatory Hearings and Decisions.

This activity includes the work of the Office of Hearing Examiners and the functions of the Judicial Officer and his staff. The Office of Hearing Examiners holds hearings, makes reports, recommends decisions and performs such related duties as may be required by the Administrative Procedure Act and the statutory provisions, regulations, and rules of practice applicable to matters under their jurisdiction. A comparison of the number of hearings held by the Hearing Examiners under the various acts is shown in the following table:

<u>Laws Involved</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Agricultural Marketing Agreement Act, 1937	68	65	78	68	51
Commodity Exchange Act	4	1	12	6	6
Packers and Stockyard Act	4	9	12	27	43
Perishable Agricultural Commodities Act	5	7	5	8	3
Sugar Act	7	8	11	5	3
Market Inspection of Farm Products ...	6	2	-	-	-
Federal Meat Grading	-	1	-	-	-
Anti-Hog Cholera	-	-	3	-	3
Agricultural Marketing Act, 1946	-	-	-	3	-
Forest Service Appeals	-	-	-	3	8
Agricultural Adjustment Act, 1938	-	-	-	-	1
Tobacco Inspection Act	-	-	-	-	4
	<u>94</u>	<u>93</u>	<u>121</u>	<u>120</u>	<u>122</u>

While the total number of hearings increased only slightly during fiscal year 1959, the number of adjudicatory hearings, involving vigorously contested and complicated economic, factual and legal issues, increased 15% over fiscal year 1958. Anti-trust type proceedings against meat packers under Title II of the Packers and Stockyards Act, 1921, contributed to the increase. Among the proceedings was a disciplinary matter under the Commodity Exchange Act involving alleged manipulation of cotton futures on the New York and New Orleans Cotton Exchanges. The St. Paul Stockyard rate hearing was completed during the fiscal year. This proceeding, the first of its kind since before World War II, presented important issues regarding rate-making theory and philosophy, e.g., reproduction at present cost versus historical cost or prudent investment.

Forest Service hearings under the recently adopted Departmental Regulations A-10 involving grazing privileges on the National Forests continued to increase. During the fiscal year, four hearings were held under a new procedure to determine whether additional inspection service should be provided at tobacco auction markets in Kentucky and Tennessee under the Tobacco Inspection Act and the Commodity Credit Corporation Charter Act.

The Judicial Officer renders final administrative decisions in regulatory proceedings of a quasi-judicial nature. Except in reparation proceedings where the Department is not a party, exceptions to the hearing examiner's report may be filed by any party prior to the final decision.

A comparison of the number of decisions and orders issued under the various acts is as follows:

<u>Laws Involved</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Agricultural Marketing Agreement Act, 1937	11	22	27	27	27
Commodity Exchange Act	11	7	9	3	21
Grain Standards Act	1	5	-	1	-
Packers and Stockyards Act	79	72	93	98	106
Perishable Agricultural Commodities Act	249	317	237	336	351
Anti-Hog Cholera	-	-	1	-	-
	<u>351</u>	<u>423</u>	<u>367</u>	<u>465</u>	<u>505</u>

More decisions and orders were issued this year than in any preceding year for which records are available. The number of cases pending July 1, 1959, as compared with July 1, 1958, shows an increase in reparation proceedings under the Perishable Agricultural Commodities Act due to a substantial increase in the number of complaints filed during the year, as reflected in the following table:

	<u>1958</u>	<u>1959</u>
Agricultural Marketing Agreement Act	19	20
Commodity Exchange Act	9	3
Grain Standards Act	1	1
Packers and Stockyards Act	101	90
Perishable Agricultural Commodities Act	<u>137</u>	<u>191</u>
	<u>267</u>	<u>305</u>

In four proceedings under Section 8c(15)(A) of the Agricultural Marketing Agreement Act, provisions of the New York-New Jersey milk order were involved including the validity (1) of the extension of the regulated marketing area to cover Northern New Jersey and (2) of compensatory payments to the producer-settlement fund on milk distributed in the marketing area from nonpool milk plants. The decisions in these proceedings necessitated a careful review of over 15,000 pages of testimony and 222 exhibits which constituted the record upon which the contested order was promulgated. The decisions upholding the protested order provisions are now on appeal in United States District Courts. Five other proceedings concerning the interpretation and application of the New York-New Jersey order were disposed of by final decisions and orders, as well as one proceeding under the West Texas milk order and one involving the Central Mississippi milk order.

In a lengthy and important disciplinary case under the Commodity Exchange Act, Fox DeLuxe Foods, Inc., of Chicago, Illinois, and its officers were found to have manipulated egg futures prices and cash refrigerator egg prices in December 1953 and January 1956. The corporation's registration as a futures commission merchant was revoked and the registrations of the officers as floor brokers were suspended or revoked and the trading privileges of the respondents upon the contract markets under the act were suspended. Sanctions were also imposed in six other cases for manipulation of futures prices for grain and potatoes, for failure to file required reports, for filing false reports and for misuse of customers' funds.

The decisions and orders in disciplinary proceedings under the Packers and Stockyards Act covered a wide range of violations of the act. In some proceedings packers were ordered to cease and desist from such unfair practices as false advertising, altering meat grading certificates and failing to pay for livestock purchased. Most of the cases dealt with market agencies and dealers at stockyards posted under the act and concerned unfair trade practices and failure to keep correct and complete records. In an interesting and strenuously contested proceeding, In re Aikins et al., an order was entered against the dealers at the Kansas City Stockyards to cease and desist from flipping coins among themselves, or otherwise establishing a priority system, for determining the order or "turn" in which they would look at and bid upon feeder and stocker cattle for sale by market agencies at the stockyard.

(b) Working Capital Fund, Department of Agriculture

The working capital fund is a "no-year" operating fund established by an appropriation of \$400,000 in the 1944 Agricultural Appropriation Act to finance the operating costs of certain centralized service operations pending receipt of reimbursements for such costs from the agencies provided with the services. Operations include duplicating, photographic, art and graphics, motion picture, tabulating, supply, Library photocopying services, and employee training programs conducted by the Office of the Secretary, the Office of Information, and the Library. The integrity of the original appropriation is maintained from year to year by means of reimbursements for services performed.

Statements reflecting the assets and liabilities and income and expenses of the working capital fund as of June 30, 1959, as well as estimates for 1960 and 1961, are printed in the Budget schedules for the fiscal year 1961.

THE JOURNAL OF THE AMERICAN MEDICAL ASSOCIATION
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STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1959, were actually received or programmed for 1960 and 1961. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	:	Estimated	:	Estimated
	:	Obligations,	:	Obligations,
	:	1959	:	1960
	:		:	1961
Obligations Under Reimbursements from	:		:	
Governmental and Other sources:	:		:	
Salaries and expenses	:	\$39,664	:	\$33,655
	:		:	\$33,655

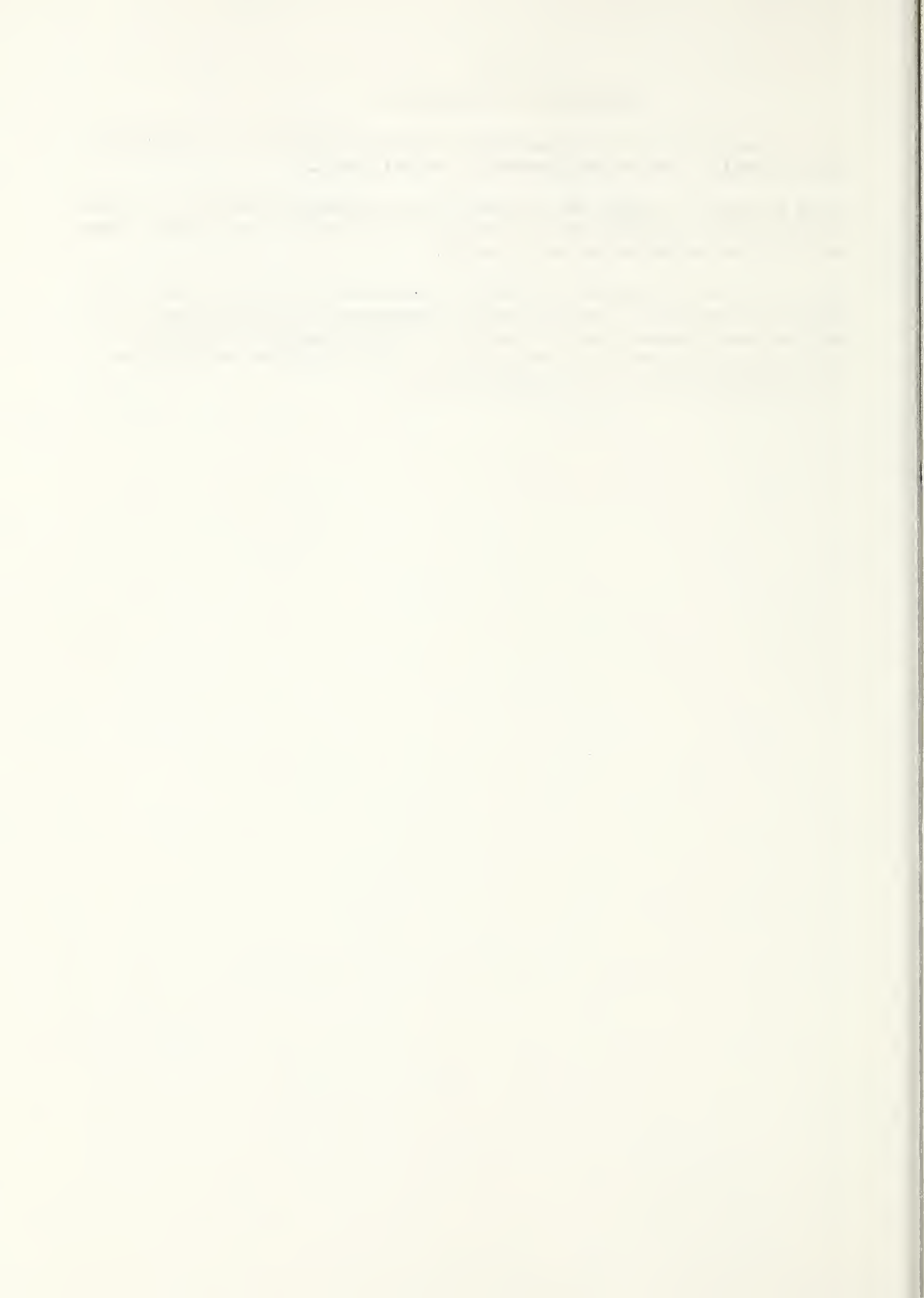


PASSENGER MOTOR VEHICLES

The estimates for 1961 continue the authority to replace, if necessary, one automobile used by the Secretary and his staff.

As of November 30, 1959, the Office of the Secretary owned only one automobile which is operated in the District of Columbia. In addition, three vehicles are rented on an annual basis.

One of the rented vehicles is used by the Secretary of Agriculture, and the other vehicles are used on official business by the Under Secretary, the Assistant Secretaries, and members of their immediate staffs, as well as the heads and other responsible officials of the staff offices which comprise the Office of the Secretary.



OFFICE OF INFORMATION

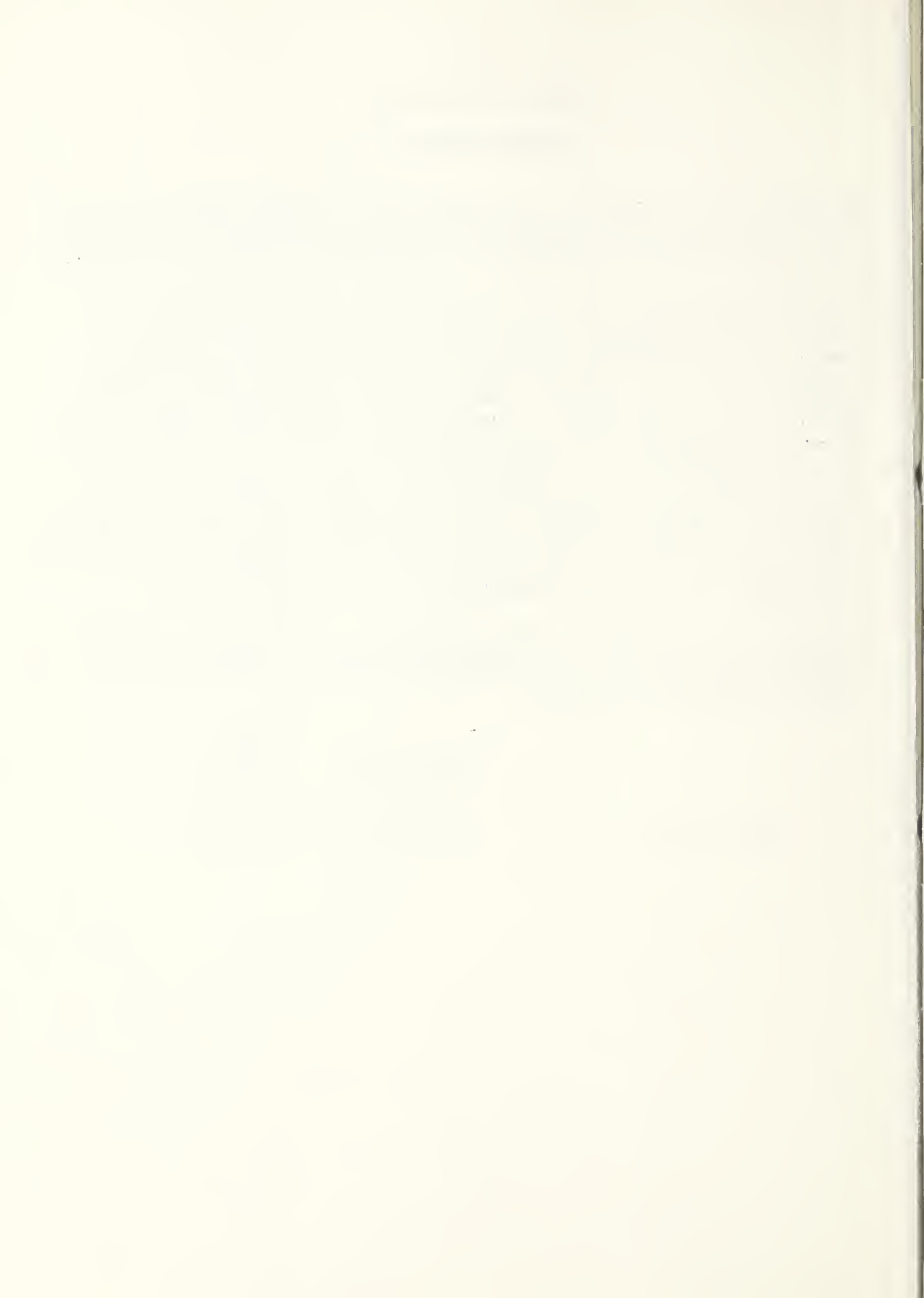
Purpose Statement

The Office of Information was established under its present name in 1925 as a consolidation of functions formally organized as early as 1889, to coordinate in the Department the dissemination of information useful to agriculture as directed by the Act establishing the Department of Agriculture in 1862.

The Office has general direction and supervision of all publications and other information policies and activities of the Department including the final review, illustrating, printing and distribution of publications; clearance and release of press, radio, television, and magazine materials; maintenance of central files of news and general illustration-type photographs; and the preparation and distribution of exhibits and motion pictures. The Office publishes the Yearbook of Agriculture, the annual report of the Secretary of Agriculture, the Department Directory, and the Department List of Publications; handles the details of distributing farmers' bulletins allotted to Members of Congress; and services letter and telephone requests for general information received in the Department. Under the Department's Working Capital Fund, the Office also produces visual informational materials, such as motion pictures, exhibits, art and graphics materials, and still photographic work for the Department and other Government agencies.

Employment as of November 30, 1959, totaled 231. The Office has no field employees, except part-time or intermittent workers for seasonal work in securing still photographs and for displaying exhibits at State fairs and similar agricultural activities.

	Appropriated, 1960	Budget Estimate, 1961
Appropriation	\$1,431,665	\$1,478,685



Salaries and Expenses

Appropriation Act, 1960 and base for 1961	\$1,431,665
Budget Estimate, 1961	<u>1,478,685</u>
Increase	<u>+47,020</u>

SUMMARY OF INCREASES

To provide for adequate policy clearance and review of processed publications	+9,080
To institute a regionalized radio tape service	+9,080
For cataloging and distributing photographs for use by the public and in Department publications	+22,110
For employee health benefit costs pursuant to Public Law 86-382	+6,750

PROJECT STATEMENT

Project	1959	1960 (estimated)	Increase		1961 (estimated)
			Health Bene- fit Costs (P.L. 86-382)	Other	
1. Publications review and distribution ...	\$686,781	\$685,192	+\$2,600	+\$9,080 (1)	\$696,872
2. Review and distribution of current agricultural information	517,403	517,490	+2,180	+9,080 (2)	528,750
3. Review, preparation and distribution of visual agricultural information	223,801	228,983	+1,970	+22,110 (3)	253,063
Subtotal a/	1,427,985	1,431,665	+6,750	+40,270	1,478,685
Unobligated balance ..	680	- -	- -	- -	- -
Total employee health benefit costs (P.L. 86-382)	[- -]	[- -]	[+6,750]	[+270]	[-7,020]
Total available or estimate	1,428,665	1,431,665	+6,750 (4)	+40,270	1,478,685
Transferred from "Conservation reserve program, Commodity Stabilization Service"	-74,000				
Transfer in the 1960 estimates to "Salaries and expenses, Office of the Secretary"	+4,600				
Total appropriation ..	1,359,265				

a/ Represents obligations. Applied costs for 1959 are \$1,393,598. The difference of \$34,387 reflects an increase in inventory of publications consigned to the Government Printing Office for distribution, also an adjustment of amounts obligated and actual expenditures for undelivered orders at start of year.

INCREASES

The increase of \$47,020 is composed of:

(1) An increase of \$9,080 to provide for adequate policy clearance and review of processed publications.

Need for Increase: In administering the publications program of the Department, the Office of Information is responsible for all review, printing, and distribution of publications and for answering approximately a million telephone and mail inquiries each year. The Office of Information is responsible for policy clearance and control of publications, both printed and processed. In pursuance of recommendations of the Congressional Joint Committee on Printing, the Office is responsible for the clearance and control of processed publications to insure the most economical methods of printing and duplicating consistent with requirements of size, time, distribution, etc.

Such publications are issued in mimeograph, offset or ditto form, rather than printed, because of the time element involved, number of copies needed for distribution, or other justifiable reason. However, the work covered by processed publications is as important as that reported in printed form, and covers a wide range of subjects such as preliminary results of agriculture research, soil, water and forestry conservation, plant and animal disease and pest control, marketing research and various types of statistics. Thus, the processed publications require the same careful policy review and control as printed publications to assure the most effective presentation of information for the benefit of farmers, agricultural industries, consumers and others who want and need such information. In the last few years, both the Department and the Joint Committee have stressed the need for the Office of Information to provide more effective controls over processed publications.

Within its present funds the Office has attempted to extend its review of processed materials. It has been possible, however, to review only a portion of the output of processed publications. This workload has increased to the point that additional funds are required to provide adequate review of additional processed publications.

The publications review, production, and distribution workload has increased to the highest level in the history of the Department. The publications review alone has more than doubled within the decade. In the early '50's, prior to the bringing of processed publications under centralized review and control to assure economical quantities and methods of reproduction, the number of manuscripts for individual publications reviewed annually in the Office of Information averaged well under 500. In the last three fiscal years it has averaged close to 1,000 annually, even though, as indicated above, much material has not yet been brought under review. Present staff and resources are inadequate to handle properly the current and future workload.

Plan of Work: The requested increase will enable the Office of Information to extend its review of processed materials as recommended by the Joint Committee on Printing. It is planned to conduct and extend this work so that it will result in increased benefits to the users of the research and other agricultural information developed by the Department.

Economies can be expected to result from this review. The Joint Committee on Printing is particularly concerned about the reproduction of processed materials in uneconomic quantities. Review measures taken by the Office of Information to date have saved significant amounts.

Savings through improved review will also accrue by reducing manuscripts to fewer pages and by fitting the number of copies to actual need rather than possible need (frequently not only reducing initial cost but also avoiding obsolescence and resultant waste).

Processed publications will be better presented and made more readily usable. Often they will be shortened, and organized for practical application.

More research information will reach the public and will be distributed under better distribution patterns so that it is made available to those persons who have the greatest need for it.

(2) An increase of \$9,080 to institute a regionalized radio tape service.

Need for Increase: Almost since the Department's radio work began, an important need has been to provide radio stations with the regionalized tape recordings and other material which they request. This has never been possible with existing facilities except on a very limited scale, although on a few occasions such regionally important material as spring vegetable planting guide materials, suggestions for soil testing in specific soil areas, screw-worm eradication in outbreak areas, etc., have been issued.

The demands for such service, which have come from farmers, agricultural specialists and farm broadcasters, indicate that regionalized materials afford an extremely effective means of giving farmers, and others interested in agriculture, information they need on such subjects as research findings, production and marketing reports and prospects, details of Department programs in conservation fields, milk market order programs, insect and pest control activities, crop adjustment and price support programs, when they need it most -- thus enhancing the essential work of the Department in information dissemination.

However, with the rapid increase in number of radio stations (from 2,612 in 1949 to 4,142 in August 1959), a corresponding increase in farm programming in recent years, and a changing pattern in radio broadcasting emphasizing more local service has taken place. Demands for regionalized material have far exceeded the Department's ability to provide it with available facilities and funds.

Plan of Work: To meet these demands, it is proposed to institute a regionalized service which will provide to radio stations information materials adaptable to their particular agricultural areas. It is anticipated that this new service ultimately would reach up to approximately 1,000 stations regularly, covering various areas of the country.

As with other tape recording services, the tapes would be returned by the radio stations and would be available for re-use in recording additional releases.

(3) An increase of \$22,110 to provide for cataloging and distributing photographs for use by the public and in Department publications.

Need for Increase: Photographs have long been recognized both in and out of Government as an economical means of giving specific information. Often a photograph of an object is the only thing that can tell a story realistically. In support of public information media, these photographs must be current and reflect the present work of the Department. They are valuable in showing the program and accomplishments of research work, the soil, water, and forest conservation programs of the Department, etc. They are also used extensively by the writers of news articles, periodicals, textbooks and encyclopedias.

During the period 1939 to 1956 relatively few pictures suitable for use in public media were taken. The consolidation of the photographic services in the Office of Information in 1954 focused attention on the fact that the Department was offering to the press pictures dating back as far as 1930 and that equally out-dated photographs were being used in Department publications. This brought innumerable protests from public information media on currency of the photo file.

The Office of Information, working with the agencies, began a program to add at least 50,000 new photographs to bring up to date the centralized file of Department photographs. New pictures are being added to the files at an increasing rate each year -- 3,000 in 1957, 5,500 in 1958, 6,000 estimated in 1959. As these new, usable photographs have been made available to the news media and general public the number of requests have become correspondingly greater. Requests have increased nearly 50 percent over the past three years.

Plan of Work: Specifically, the following work would be undertaken by the centralized photographic library with the requested increase:

1. Catch up with and keep current the workload of titling and indexing new photographs into the files for availability in filling requests.
2. Keep abreast of requests from newspapers, magazines, and the general public for up-to-date photographs on agricultural subjects.
3. Issue picture stories and other photographic series on the agricultural research work and action programs of the Department to provide better service in the dissemination of information to the public.
4. Review about 75,000 old photographs to eliminate obsolete pictures and select others of historical value for retention in the permanent records files.

(4) An increase of \$6,750 is required to meet employee health benefit costs under Public Law 86-332, applicable to the base for 1961. A full explanation of employee health benefit cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

SUPPLEMENTARY PROJECT STATEMENT

(The following schedule reflects a more detailed analysis of the obligations shown in the regular project statement.)

Project	1959 (actual)	1960 (estimated)	1961 (estimated)
1. <u>Publications review and distribution:</u>			
(a) Publications management	\$54,876	\$55,000	\$64,320
(b) Printing procurement	41,813	42,692	42,997
(c) Inquiries and distribution	295,080	300,000	301,929
(d) Printing of farmers' bulletins, reprints and lists	275,170	267,500	267,500
(e) Publications use study	19,842	20,000	20,126
Total	686,781	685,192	696,872
2. <u>Review and distribution of current agricultural information:</u>			
(a) Press service	138,642	140,260	141,109
(b) Preparation of reports	43,760	43,760	44,498
(c) Radio and television	104,481	104,470	114,017
(d) Printing Agriculture Yearbook	213,000	213,000	213,000
(e) Special informational materials for programs in low-income agricultural areas	17,520	16,000	16,126
Total	517,403	517,490	528,750
3. <u>Review, preparation, and distribution of visual agricultural information:</u>			
(a) Art and graphics	18,890	21,150	21,456
(b) Exhibits service	67,960	69,090	69,872
(c) Motion picture service	80,811	80,850	81,281
(d) Photographic distribution	56,140	57,893	80,454
Total	223,801	228,983	253,063
Unobligated balance	680	- -	- -
Total available or estimate	1,428,665	1,431,665	1,478,685



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STATUS OF PROGRAM

Current Activities: The Office of Information functions as the communications link between the Department of Agriculture and farmers, organizations, and institutions interested in agriculture, and the public at large. The Office provides a service to the Department and its constituent agencies--and to the ultimate users of agricultural information--by disseminating results of agricultural research and marketing, of trends in agricultural programs and policies, and of other equally pertinent subjects that are essential to carrying on the work of the Department.

The principal functions of the Office of Information are:

- (1) Overall coordination of all information work in the Department,
- (2) Final review of all information materials released to the public, and
- (3) Coordination of agricultural information activities with those of other Federal and State agencies.

The work of the Office in disseminating useful agricultural information is carried on in the following major areas:

Publications -- Management of the publications program (both printed or otherwise processed) of the Department, including policy review and clearance, printing, and distribution to farmers and to the public generally.

Current Information -- Review and issuance of press, radio, television, and special reports materials in the dissemination of timely information on research and other program activities; compilation and publication of the Agriculture Yearbook; and provides essential information on the Department's policies and programs to USDA employees in Washington and the field.

Visual Information -- Production, issuance, and coordination of use of exhibits, still photographs, art and graphics, and motion pictures in disseminating useful agricultural and consumer information.

The Office also cooperates with nongovernmental, industrial, and other commercial organizations and sources on information matters relating to the work of the Department.

SELECTED EXAMPLES OF RECENT PROGRESS

Publications

The Office of Information is taking active leadership toward improving the readability and usefulness of USDA publications for farmers, consumers, and other users of agricultural information. "Writing Publications" workshops are being held for scientists and subject-matter people to improve the preparation and presentation of agricultural reports; many publications have been revised

and brought up to date to provide farmers and others with the very latest information and practices; publications stocks have been kept current to meet the heavy demand for agricultural information; and results of studies have contributed to a better understanding of the type of publications farmers and others need.

Data on Publications Production and Printing.

	1958	1959
Manuscripts received (new and major revisions).....	575	542
New publications to the printer.....	526	499
Reprints to the printer, including slight revisions.....	424	383
Revisions to the printer.....	41	56
(Revisions of popular publications).....	(32)	(25)
Processed publications cleared.....	263	255
Other processed materials reviewed.....	244	266
Issues of major periodicals reviewed and/or published..	172	172
Printing orders processed.....	4,042	3,805

Data on Publications Handled. A comparison of the number of copies of publications distributed by the Office during fiscal year 1958 and 1959 and estimated for 1960 and 1961 is as follows:

	<u>Copies of All Publications</u>		<u>1960</u>	<u>1961</u>
	<u>1958</u>	<u>1959</u>		
Total stocks of all publications				
at beginning of year.....	8,926,910	9,225,500	12,096,395	12,000,000
New publications printed.....	31,488,000	23,268,402	28,000,000	28,000,000
Reprints printed.....	11,146,158	13,880,728	11,903,605	12,000,000
Total available.....	51,561,068	46,374,630	52,000,000	52,000,000
Stocks at end of year.....	9,225,500	12,096,395	12,000,000	12,000,000
Total distribution.....	42,335,568	34,278,235	40,000,000	40,000,000

Copies of Farmers' Bulletins

Total stocks of all bulletins				
at beginning of year.....	4,761,037	4,243,809	6,805,584	6,800,000
New bulletins printed.....	1,630,000	2,955,000	2,000,000	2,000,000
Reprints printed.....	7,017,800	8,519,300	7,994,416	8,000,000
Total available.....	13,408,837	15,718,109	16,800,000	16,800,000
Stocks at end of year.....	4,243,809	6,805,584	6,800,000	7,300,000
Total distribution.....	9,165,028	8,912,525	10,000,000	9,500,000

Mailing Lists. The responsibilities of the Office in maintaining the central mailing list index and of supervising the mailing list activities of the Department are reflected in the following data:

	1958	1959	1960	1961
Names included on				
index on June 30.....	398,881	393,359	395,000	397,000
Mailing lists in index.	1,174	1,203	1,210	1,210
Mailing lists revised..	68	120	125	125
<u>Workload Items:</u>				
Additions to lists...	43,430	49,017	50,000	50,000
Names or addresses				
changed.....	24,603	33,659	33,000	33,000
Names or addresses				
dropped.....	40,706	54,539	48,359	48,000
Total workload items.	108,739	134,215	131,359	131,000

Improved Printing Management. By handling orders from USDA agencies for tabulating forms directly with commercial printing companies, the Office saves agencies over \$18,000 by eliminating handling charges of the Government Printing Office, and by improving specifications for other printing and transportation.

Publications Research. The Office continued its research study to find ways to improve the publications of the Department: (1) The first phase of a graph comprehension study was completed under a cooperative agreement with the University of Wisconsin. (2) Field work and tabulations were completed on trials of five methods of determining publications needs; analysis of the data is being completed and comparison of the five methods is in process. (3) Field work and tabulation were completed on a study of audience preference for two forms of publications on plants poisonous to Western livestock. (4) A project was approved for trials of six methods of getting audience reaction to a publication while it is still in manuscript and before printing. (5) A representative of the Office assisted with the development of a regional communications research project proposal in the Northeast States. The Office cooperated with editors at North Carolina State University in developing a project to study the effectiveness of newsletters published regularly by subject matter specialists at the University.

A study was conducted in connection with the USDA exhibit at the International Livestock Exposition at Chicago in December 1958 to determine the types of information and publications requested by visitors. Of the nearly 800 people passing the exhibit per hour, about 10 percent requested publications. About two persons in three who took publications were farm residents, one in four was a city person, and one in 10 was a suburbanite. The demand was heavy for food publications. A total of 46,670 copies of 94 USDA publications were requested and distributed during the livestock show.

Publications Workshops. The Office helped initiate, plan, and participated in a series of writing workshops, conducted in USDA agencies, to improve manuscripts and reports presented for publication. During the past year workshops were held in the Agricultural Research Service, Agricultural Marketing Service, and the Federal Extension Service. Both Washington and field employees were in attendance at these training sessions.

New Publications Inventory Use. State and county extension staffs made growing use of the inventory list of new publications issued by the Department. The inventory list is designed to aid county agents and other extension workers in stocking the new and revised publications for use of farmers and others requesting agricultural and consumer information through their offices. The extension staffs also use the list as a guide in disposing of obsolete and useless bulletins.

Revised List of Popular Publications. The revised edition of Popular Publications for the Farmer and Homemaker, was arranged for easier reference use with an alphabetical rather than a numerical listing under the different subject headings.

Revised USDA Directory. The 1959 edition of the Directory of Organization and Field Activities of the Department of Agriculture was made more serviceable by including the county Agricultural Stabilization and Conservation Committee offices.

Cataloging Test of USDA Publications. The Office of Information cooperated with the Library of Congress and the Department Library in a Cataloging in Source test of 100 selected Department publications. Before these publications were printed, librarians prepared descriptive references and assigned Library of Congress card numbers, which later appeared in the publications themselves. Records were kept to evaluate the feasibility of cataloging USDA publications in this way. The staffs of other USDA agencies also assisted the cataloging project.

Review and Distribution of Current Agricultural Information

Widespread interest in agricultural subject matter by farmers, consumers, and the general public was evidenced by the increased activity of the Office's current information program in fiscal year 1959. Requests for information were made by letters, telephone, in-person, and by contacts with representatives of the press, radio, television, and other media. Considerable progress was made in the effective coordination of information activities on programs and problems of interagency interest, such as (1) special food promotion activities to encourage greater consumption of perishable products in temporary surplus, of which promotion drives on eggs and sweet corn were outstanding examples, (2) commodity adjustment programs and referenda, (3) the fourth annual Farm-City Week, (4) Farm Safety Week, and (5) June Dairy Month.

Press Releases and Special Reports. The Office is responsible for editing, clearing, processing, and distributing the Department's press releases and for distributing special reports. A total of 3,671 releases and reports were issued during 1959, slightly above the 1958 total. A Daily Summary of press releases and periodic reports goes to about 4,200 persons. This summary is an economical way of filling general requests for current agricultural information. The weekly release service, Food and Home Notes, continues to serve as a key source of agricultural information for women's editors of newspapers and magazines, radio and television program directors, free lance writers, State extension editors, and home economics and consumer education specialists. Food and Home Notes report research or other Department activities of interest to both rural and urban families, and are circulated to about 4,050 persons requesting them. This is an increase of 950 since fiscal year 1958. Through the USDA Farm Paper Letter, the Office continues highlighting agricultural developments and USDA activities for about 450 farm magazine and newspaper editors. Upon request, editors are furnished copies of articles and reports, especially in the research field, before the information is sent to other media. This provides them with the opportunity of releasing important agricultural information on a more even time basis with other media.

News for State Release. Department releases that may be useful for local and regional adaptation are supplied 10 days to two weeks in advance of publication date to State extension editors in the States where the information applies. This service permits the editors time to make adaptations for local application and release simultaneously with the national release date. This service provides wider dissemination of information useful to farmers and others.

Great Plains Information. The Office in cooperation with USDA agencies and the State extension services prepared and distributed a variety of Great Plains educational materials for press, radio, and television throughout the 10-State region. "Protect Your Land and Your Future" was used as a connecting theme for these materials: it emphasized the objectives of the Great Plains Program--proper land use and management, the return of easily eroded cropland to grass, and preparations needed to continue profitable farming during extended droughts. A motion picture based on the theme was designed to give a before-and-after report on farms and ranches being aided and improved through the Great Plains Conservation Program. This work is financed under an allotment to the Office of Information from the appropriation for the Great Plains Program.

Soil Bank Information. In providing centralized direction of Conservation Reserve information activities, the Office helped to develop an information program which contributed materially to the inclusion of about 12 million additional acres in the 1959 program, and which brought the national total to 22.4 million acres. All established channels to press, radio, and television outlets were fully used. The Office produced a 6-minute motion picture which was telecast widely during September 1958 and again was offered to stations during the sign-up period in 1959. More than 60 stations throughout the country requested and telecast the film. A one-minute television film spot was widely distributed, as was a series of taped programs for radio broadcast. This work is financed under an allotment to the Office of Information from the appropriation for the Conservation Reserve Program.

Rural Development Program Information. The Office cooperated with all information media, including daily periodicals, magazines, radio, and television, in releasing information on the Rural Development Program. Special reports and brochures were prepared as aids for information release and assistance to local rural development committees and workers. Most important of these included reports on the National Rural Development Conference held in June 1958, a detailed review of governmental and other services useful in area economic development, a survey of U. S. programs affecting low-income rural people, and the Secretary's Third Annual Report on the Rural Development Program. The Rural Development Program News was continued and five additional publications in the Rural Resource Leaflet series designed to stimulate more effective use of governmental and other services in local development were issued.

Yearbook of Agriculture. The 1959 Yearbook of Agriculture, FOOD, with 736 pages of text and illustrations, presents many aspects of food and good nutrition--food energy, calories, protein, amino acids, fats, carbohydrates, vitamins, and minerals; food and health; recommended allowances for individuals; needs of different age groups; quality in food; preparation; costs; food habits and trends; domestic and international food programs and future needs. Written in nontechnical language by 72 authorities in the Department of Agriculture, other Federal Departments, and colleges, FOOD has great value to homemakers, farmers, teachers, administrators, and others who need unbiased, up-to-date information on this highly important subject. Indications are that FOOD is becoming one of the most widely-used yearbooks the Department has issued. Work is progressing on the 1960 Yearbook of Agriculture, which will be devoted to the technological revolution in agriculture and is expected to be published in the fall of 1960.

Radio and Television Activities. The Office of Information works with the Land-Grant Colleges, the National Association of Broadcasters, the National Association of Television and Radio Farm Directors, the National Association of Educational Broadcasters, the Radio and Television News Directors Association, and other groups in planning and developing materials on USDA programs and activities designed to reach the largest radio and television audiences and be of most benefit to American agriculture. Broadcast outlets continue to increase with a total of 4,153 radio stations (AM, FM commercial and educational) and 609 television stations (VHF, UHF commercial and educational) on the air as of June 30, 1959, according to the Federal Communications Commission.

The Office continues to cooperate with the National Broadcasting Company radio network in the production of the weekly National Farm and Home Hour, including special features from the Department on each broadcast. The Office also cooperates with the American Broadcasting Company radio network in the production of the American Farmer program each week. Since early 1954, the planning and gathering of material for this program has been done entirely by the Department's radio and television staff. The Department continues cooperation with television networks in the production of programs featuring USDA officials and special activities. For seven months in 1959, a weekly TV network news program on the television network of the Columbia Broadcasting System made regular use of information and visuals provided by this office. This is one type of service provided networks on a routine basis.

Television Broadcasting. Expansions in television broadcasting have brought stepped-up requests from individual stations seeking guests, visual materials, and information for farm and consumer broadcasts. The number of outlets requesting the Department's farm television package service increased from an average of 150 per package at the beginning of the year to 190 by the end of fiscal year 1959. The monthly consumer television package service dealing with consumer information, plentiful foods items, and other timely homemaker topics goes to approximately 195 outlets requesting it. A new service, Research Roundup, was inaugurated in January 1959 in cooperation with the Agricultural Research Service. Single picture stories of USDA research accomplishments are released to television stations at the rate of four per week. While aimed at general news programs, they also are widely used by farm program telecasters. Over 200 stations are using this service.

Radio Tape Service. Changes in the pattern of radio programming have increased the demands for tape-recorded interviews with Department officials and scientists, and for special information to fill regional needs. The weekly AGRI-TAPE radio package service goes to approximately 90 users with further duplication and distribution in the States. In addition, a tape-recording library service makes additional subjects available upon request. The Office has experimented with providing occasional regional tape service on such subjects as spring planting guides. All tape recording services are conducted on a tape-return plan.

Service to Individual Stations. The weekly RFD Letter, requested by 460 farm broadcasters, continues to provide news and background material for persons in broadcasting, and related fields. The Office has taken over distribution of the weekly quarter-hour radio program, Agriculture USA, for several years distributed by the Clear Channel Broadcasting Service.

Review, Preparation, and Distribution of Visual Agricultural Information

The Office continues to assist agencies in planning and presenting effective visuals on the Department's programs and activities. This is accomplished through coordination, production, and distribution of visual information for farmers, consumers, and others. The Office provided leadership in the Seventh Annual USDA Visual Workshop participated in by representatives of the Land-Grant Colleges, other Federal agencies, and private firms, to exchange ideas and develop new methods of presenting agricultural information more effectively.

Art and Graphic Services. Emphasis on visuals for depicting agricultural information was reflected in the increased activity of the art and graphic services in illustrating Department publications, preparing charts and graphs, and in other important ways. Design assistance was provided for the Forest Conservation stamp and the Soil Conservation stamp, which were favorably received by farmers and the general public. Assistance was also provided for publications such as Look To Your Timber, America, a survey of the Nation's forest resources with implications for the future. Many visuals were prepared for television in connection with programs dealing with the Great Plains, Plentiful Foods, Soil Bank, and others.

Exhibits Activities. Exhibits provided an effective means of getting useful information to farmers, consumers, and others on research results and other program activities. The Office continued its efforts to improve the exhibits program through coordination of the planning, production, and distribution of agency and Department exhibits materials. The demand for these services and exhibit materials continued to increase during the 1959 fiscal year as shown in the following comparison with similar data for the two preceding years:

	<u>1957</u>	<u>1958</u>	<u>1959</u>
New exhibits produced.....	40	29	53
Exhibits renovated.....	153	222	210
3-D visual aids produced.....	41	40	51
Exhibit showings arranged by USDA and State extension services.....	222	250	266
Exhibit showings in D. C. area.....	41	63	71

Some of the exhibits featured during the year included:

JAPANESE BEETLE -- A new exhibit for initial display at the National Capital Flower and Garden Show, Washington, D. C.

WATER FOR TOMORROW -- Displayed at the Federal Center, Denver, Colo., in connection with Colorado's "Rush to the Rockies" celebration.

BEEF CATTLE (GENETICS) AND BRUCELLOSIS ERADICATION -- Were shown at the National Western Stock Show, Denver, Colorado. The Department's presentation at this occasion also included a publications feature from which 12,800 publications on various subjects were distributed.

SNOW SURVEY -- Sponsored by SCS and displayed at the American Meteorological Society meetings in New York City.

PLANT INTRODUCTION -- A new exhibit first shown at the World Flower Show, Chicago, Illinois.

GENETICS -- Seven exhibits were produced for initial display at the 10th International Congress of Genetics, Montreal, Canada. The exhibit titles were Poultry, Beef Cattle, Dairy Cattle, Swine, Sheep, Crops Research, and Forestry.

PHYTOPATHOLOGY -- Five exhibits were produced for the annual meetings of the American Institute of Biological Sciences held at Indiana State University, Bloomington, Indiana. The titles of these exhibits were Forestry, Witchweed, Marketing Research, Crops Research, and Plant Quarantine.

UTILIZATION RESEARCH -- Six exhibits were produced and displayed in the Patio of the Department's Administration Building, two State fairs, and at the Southern Utilization Research Laboratory, New Orleans.

11th REGIONAL 4-H CLUB CAMP AT HOWARD UNIVERSITY, WASHINGTON, D.C.-- The following exhibits were displayed at this occasion in cooperation with the Federal Extension Service and 17 State extension services:

THE EFFICIENT COW
EGG FACTORY
PASTURE
PASTURE RESPONDS TO FERTILIZER
ANIMATED MODEL OF SMOKEY BEAR
ARE YOU IN THE 4-H PICTURE

Motion Picture Activities. Greater emphasis was given to promotion of Department films, particularly their use by television stations. A comparison of films produced for agencies of the Department for 1958 and 1959 follows:

	<u>1958</u>	<u>1959</u>
Full-length productions (16-30 minutes).....	10	13
Short productions (7-15 min.).....	13	16
TV packages (3-7 minutes).....	22	11
TV spots (less than 3 min.).....	19	17

Among the motion pictures produced and distributed for the Department during fiscal year 1959 were:

FIRE ANT ON TRIAL -- The imported fire ant is a painfully annoying and destructive pest in at least eight Southern States. The picture shows the life cycle of the pest, dramatizes its effect on humans, livestock and crops, and depicts control measures.

THE FOREST SERVICE ENGINEER, BETTER LIVING THROUGH RESEARCH, and THE FEDERAL VETERINARIAN IN AGRICULTURE--Depict three of the many rewarding career fields in agriculture--engineering, home economics, and veterinary medicine.

A LOOK AT SOVIET AGRICULTURE--This film is a motion picture report of Russian agriculture as seen by the agricultural economics team of USDA scientists during a tour of the Soviet Union in the fall of 1958.

THE RISE AND FALL OF THE MEDFLY--USDA cooperated with the State of Florida in 1956-1958 to control a Mediterranean fruit fly infestation of the citrus area. The film depicts the life cycle of the pest, portrays the damage it causes, and dramatizes the successful eradication campaign.

MARKETING RESEARCH PAYS OFF--This motion picture illustrates the varied and important marketing research work of the Department and illustrates three new developments resulting from this research--modern terminal market facilities, polyethylene liners for apples, and aeration for grain.

THE PRESIDENT PLANTS A TREE--Over the years, the succeeding Chief Executives have planted trees about the White House grounds. In this film President Eisenhower plants a small black walnut. A pictorial tour of the ground shows several other trees planted by other presidents representing various periods in the country's history.

A TREE IS BORN--Opening with time lapse photography showing the bursting of the seed and first shoots of a young tree, the film depicts the work of the Forest Service in developing special types of trees for special purposes.

AT HOME WITH WOOD--This film and its previously produced companion, A PIECE OF WOOD, portray the work of the Forest Products Laboratory in the research and development of new and better uses for wood and wood products.

PREVENTING WIND EROSION IN THE GREAT PLAINS--In cooperation with the University of Nebraska, the Department produced and distributed throughout the area of the Great Plains a series of six short how-to-do-it films for use by specialists and county agents in helping farmers make the most out of their land. The subtitles of these films are: Economic Problems, Stubble Mulch Farming, Tillage Practices, Tree Wind Breaks, Planting Grasses, and Range Grazing Practices.

Still Photographic Activities--The Office continued to help USDA agencies and others in the effective use of photographs and related materials in the information and education work of the Department, and to maintain the central photographic file of all news and general illustration photographs and negatives of the Department. The following comparison shows the increase in photographic work for the agencies of the Department:

	<u>1957</u>	<u>1958</u>	<u>1959</u>
Negatives.....	5,200	9,200	9,800
Prints produced.....	115,000	126,000	140,000
2x2 slides.....	--	50,000	90,000
Cotton standards.....	8,553	9,850	10,600

During the fiscal year 1959, the Department issued the following picture aids designed for use by the news media outlets and others to tell the story of agriculture:

Picture Stories. A series of pictures on one subject with brief text:

GOOD SILAGE FROM BUNKER SILOS
EASTERN UTILIZATION RESEARCH AND DEVELOPMENT DIVISION
DAIRY HERD IMPROVEMENT ASSOCIATION RECORDS PAY
3-WAY CHEMICAL ADVANCE AGAINST INSECT PESTS
STORY OF PROGRESS: AGRICULTURAL RESEARCH IN 1958
ATOMS VS. THE SCREWORM NO. 2 PROGRESS REPORT
PROVING GROUND FOR WEAPONS AGAINST FIRE ANT

Photo Series. A series of pictures with captions on timely subjects:

DUCK PROCESSING
CHAINSTORE WAREHOUSE MEAT OPERATION
SUPPLYING A METROPOLITAN AREA WITH FRUITS AND VEGETABLES
PREPARING FOOD FOR SCHOOL LUNCHES, NEW YORK
FROZEN FOOD DISTRIBUTION
FLUID MILK DISTRIBUTION IN A METROPOLITAN AREA
STORING CORN FOR THE LONG HAUL
TRUCKS FOR FARM PRODUCTS
USDA SALUTES THE CANNING INDUSTRY
LAKE CALUMET HARBOR -- CHICAGO'S WELCOME ... ST. LAWRENCE SEAWAY
PIGGYBACK TRUCK-RAIL SERVICE
SCHOOL LUNCH PARTICIPATION, RYE, N.Y.
PROCESSING READY-TO-COOK FRYER CHICKENS
PROCESSING TURKEYS, CALIFORNIA
FIELD PACKING AND VACUUM COOLING OF LETTUCE
PROCESSING STRAWBERRIES FOR FREEZING
ADMINISTRATION OF THE FEDERAL SEED ACT
MARKETING RESEARCH--BIOLOGICAL SCIENCES
HARVESTING FLORIDA SWEET CORN
HARVESTING AND MARKETING FLUE-CURED TOBACCO
PREPARING FLORIDA-GROWN POTATOES FOR MARKET
SPECIAL MILK PROGRAM BOOSTS MILK CONSUMPTION IN SUMMER CAMPS
MARKETING GEORGIA WATERMELONS
MARKETING GUM NAVAL STORES
RICE HARVESTING, INSPECTION, MARKET NEWS, MILLING AND PACKAGING
INSECT CONTROL ON STORED PRODUCTS
HARVESTING AND MARKETING PEACHES IN SOUTH CAROLINA AND GEORGIA
MARKETING FLORIDA CITRUS
GRAIN INSPECTION AND GRADING
MARKETING FLORIDA TRUCK CROPS
COTTON MARKETING

Filmstrips. Designed for use in teaching better farm and home practices:

FOOD FOR FITNESS
SCOPE REPORT
PROTECT FROZEN FOODS FROM TEMPERATURE DAMAGE
OUTLOOK CHARTS -- 1959
HOME DEMONSTRATION MEMBERSHIP STUDIES
CHILDREN IN THE KITCHEN

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1959, were actually received or programmed for 1960 or 1961. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1959	Estimated Obligations, 1960	Estimated Obligations, 1961
Allotments from:			
<u>Acreage Reserve Program, Commodity</u>			
<u>Stabilization Service</u> - For dissemination of information in connection with the acreage reserve program	\$13,343	- -	- -
<u>Conservation Reserve Program, Commodity Stabilization Service</u> - For dissemination of information in connection with the conservation reserve program	8,656	\$8,900	\$9,000
<u>Great Plains Conservation Program, Soil Conservation Service</u> - For dissemination of information in connection with the Great Plains conservation program	27,762	20,600	20,600
Total, Allotments	49,761	29,500	29,600
<u>Allocation from International Cooperation Administration:</u>			
Training services and technical consultation	17,217	26,600	- -
Operation of ICA film library	13,000	10,000	- -
Total, International Cooperation Administration	30,217	36,600	- -
Trust Funds:			
<u>Miscellaneous Contributed Funds,</u>			
<u>Department of Agriculture:</u>			
Funds deposited by cooperators for preparation and distribution of exhibits and motion pictures	613	21,000	- -
<u>Obligations under Reimbursements from Governmental and Other Sources:</u>			
Salaries and Expenses	93,833	91,000	91,000
TOTAL OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	174,424	178,100	120,600

LIBRARY

Purpose Statement

Function: The Library, pursuant to the Department's Organic Act of 1862, and under delegation from the Secretary, "procures and preserves all information concerning agriculture which can be obtained by means of books . . .". Under the Act establishing the Department, the Library also serves as the National Agricultural Library.

Activities: The Library makes available to the research workers of the Department and the State agricultural colleges, as well as to the general public, the agricultural knowledge of the world that is contained in published literature. This reduces duplication of effort and avoids wasted time by enabling scientists and administrators to know what has been done previously in their fields. In pursuance of the Organic Act, the Library collects current and historical published material and organizes it for maximum service to the Department and to the public through reference services, loans of publications, bibliographical services, and photo-reproductions of library material. It issues a monthly Bibliography of Agriculture in which is listed the agricultural literature of the world. The book collection approximates 1,165,000 volumes.

Organization: The Library serves as a staff office of the Secretary and in addition has operating responsibilities in the field of library and bibliographical services.

On November 30, 1959, the Library had 114 employees all of whom were in the Washington area.

	Appropriated, 1960	Budget Estimate, 1961
Appropriation	\$900,000	\$895,660

The first part of the paper discusses the importance of maintaining accurate records of all transactions. It is essential for the business to have a clear and concise record of all income and expenses. This will allow the business to track its financial performance over time and identify areas for improvement. The second part of the paper discusses the importance of maintaining accurate records of all assets and liabilities. This will allow the business to track its net worth over time and identify areas for improvement. The third part of the paper discusses the importance of maintaining accurate records of all taxes paid. This will allow the business to track its tax liability over time and identify areas for improvement. The fourth part of the paper discusses the importance of maintaining accurate records of all debts. This will allow the business to track its debt liability over time and identify areas for improvement. The fifth part of the paper discusses the importance of maintaining accurate records of all equity. This will allow the business to track its equity over time and identify areas for improvement. The sixth part of the paper discusses the importance of maintaining accurate records of all other financial information. This will allow the business to track its overall financial performance over time and identify areas for improvement.

Salaries and Expenses

Appropriation Act, 1960	\$900,000
Activities transferred in 1961 estimates, for the financing of certain field library services, to:	
"Salaries and expenses, Agricultural Research Service"	-49,100
"Forest protection and utilization, Forest Service"	-19,000
Base for 1961	831,900
Budget Estimate, 1961	895,660
Increase	<u>163,760</u>

SUMMARY OF INCREASES

For (a) processing gift and exchange material and making it available for use, (b) improving bibliographic service, and (c) providing for additional purchases of publications	156,880
For employee health benefit costs pursuant to Public Law 86-382	16,880

PROJECT STATEMENT

Project	1959	1960 (estimated)	Increase		1961 (estimated)
			Health Bene- fit Costs (P.L. 86-382):	Other	
1. <u>Agricultural li-</u> <u>brary services:</u>					
a. General library services	\$544,350	\$614,100	\$15,065	\$143,350	\$662,515
b. Specialized serv- ices to research	218,415	217,800	1,815	113,530	233,145
Subtotal a/ ...	762,765	831,900	16,880	156,880(1)	895,660
Unobligated balance	1,757	- -	- -	- -	- -
Total Health Benefit Costs (P.L. 86-382)	<u>1- -</u>	<u>1- -</u>	<u>16,880</u>	<u>156,880</u>	<u>17,260</u>
Total available or estimate	<u>b/764,522</u>	831,900	16,880(2)	156,880	895,660
Transferred in 1961 estimates to:					
"Forest protection and utilization, Forest Service"....	118,753	119,000			
"Salaries and ex- penses, Agricultur- al Research Service"	148,225	149,100			
Transferred from "Con- servation reserve program, Commodity Stabilization Service".....	-59,500	- -			
Total appropriation or estimate	<u>772,000</u>	<u>900,000</u>			

- a/ Represents obligations. Applied costs for 1959 are \$772,807. The difference of \$10,042 reflects, primarily, the excess of printing, binding, and equipment used in 1959 over orders placed in that year.
- b/ Includes \$2,213 obligated in 1958 under the advance procurement authorization (P. L. 85-386).

INCREASES

(1) The increase of \$56,880 is required to provide for processing gift and exchange books, journals and other printed publications in order to make them readily available to research workers in the Department, to meet their needs for bibliographic and reference services, and for additional scientific publications.

Need for Increase: The Department Library provides direct assistance to scientific research in the Department through:

1. Selecting and acquiring printed publications pertinent to Departmental research work.
2. Classifying, arranging and making available these necessary printed materials.
3. Assisting research workers in locating books, journal articles, scientific reports, bulletins and other publications which are basic to specific research efforts.
4. Selecting important publications in the field of agriculture and allied sciences from all parts of the world for publication in the monthly Bibliography of Agriculture which is a basic tool used by research workers in the Department and by scientists throughout the United States working in chemical, biological, agricultural, and allied fields.
5. Examining printed materials in specialized scientific fields and preparing special bibliographies for general use by agricultural workers.
6. Providing Department employees with ready access to printed publications in the Library through lending and photocopying services.

Scientific research knows no national boundaries, and workers in research fields need up-to-date reports on scientific developments from every part of the world. Production of printed materials in agricultural, biological and chemical fields is constantly increasing, and the flood of publications received by the Library and necessary for Department work is far greater than can be handled by the present staff. Department research workers are handicapped in performing their work through lack of adequate library support. Effective library service enables the scientist to avoid duplicating prior work, speeds up research, and leads to new fields of study.

The Library's publications exchange program (next largest to that of the Library of Congress) brings in over 200,000 separate items annually from every part of the world. These are scientific and technical documents fundamental to research being conducted by departmental and other U. S. agricultural workers. The output of world-wide scientific publications has doubled in the past ten years, and the Library has not been able to absorb this increased workload. Because of lack of personnel to process them for reference purposes, significant scientific publications are boxed and stored, and are not, therefore, available for use. Many of the stored publications describe foreign research which the Department's scientists need on a current basis.

The increase requested will enable the Library to select, classify, catalog, and make the publications readily available for scientific reference. It will also enable the Library to meet some of the unfilled needs of Department workers for specialized bibliographic assistance in their work.

Additional funds are urgently needed to procure books and journals required by Department scientists. Department directors of research state that scientific investigation throughout the Department is impeded by lack of access to significant new publications. Whenever a new scientific area develops, it immediately results in productivity of special books and journals, since publication is a by-product of scientific research as well as a basic element in the promotion of research. The following critical areas are not covered by the present purchasing program and represent special department needs:

- a. New journals issued in recently developed specialized fields of biology, chemistry and agriculture. These are research fields where the Department is conducting pioneer work.
- b. Books covering industrial uses and by-products of agricultural products (plastics, radio-biology and nuclear research).
- c. English translations of Russian, German and French journals and books in botanical, chemical, soils and other agricultural research fields.
- d. Basic scientific reference books. Prices of these publications have increased from 100 to 600 per cent in the past ten years. The Library lacks revised editions of standard works and has not had funds to purchase new compilations.

Publications listed in the four categories cannot be obtained through the exchange program. They are commercial publications available only through purchase.

In order to further improve library services to meet research needs, additional staff would be employed to select and catalog all important publications received through gift and exchange and thus to make them available for current use.

It is also proposed that one additional professional librarian be employed in order to expedite the work of research scientists, by providing them with special bibliographic and reference and searching service. Scientists will be relieved from carrying on specialized and time-consuming library activities basic in their work and will have more time available for their actual research activities.

The Library is actively engaged in the weeding, inventory, and binding program for which funds were provided in the 1960 Agricultural Appropriation Act. Unneeded duplicates and peripheral publications are now being removed from the shelves and made available to other agricultural libraries. Shelving space is thus being opened up and the Library can handle its publications more efficiently and can add more new material.

(2) An increase of \$6,880 is required to meet employee health benefit costs under P. L. 86-382 applicable to the base for 1961. A full explanation of the health benefit cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

STATUS OF PROGRAM

Current Activities: The primary function of the Library is to collect current and historical publications in agriculture and allied sciences, and organize them for maximum service. It serves as the National Agricultural Library. The Library makes available to the research workers of the Department, agricultural colleges and universities, other research and educational institutions throughout the world, individual farmers, and the general public the agricultural knowledge of the world which is contained in its literature. This is accomplished through four major types of activity:

Technical processes services, including selection, acquisition, classification, cataloging and preparation for use of all books, journals and other publications added to the Department Library collection, and classification and cataloging for agency field libraries;

Bibliographic services, including bibliographic liaison with research and technical personnel, compilation and editing of special bibliographies and provision of an index to the world literature on agriculture through the Bibliography of Agriculture;

Reference and lending services, including individual reference and lending work, making photoprint or microfilm copies of articles, and preserving and maintaining the nation's and world's heritage of published knowledge in the field of agriculture; and

Agency field libraries, which were authorized by Secretary's Memorandum No. 1431, dated June 25, 1959, to strengthen field library services in order to more effectively support the Department's research activities in the field. The Director of the Library is responsible for prescribing library policy, standards, and procedures for the conduct of these services, and exercises such controls as are needed to coordinate library services in the Department and avoid duplication of effort.

These services are coordinated directly with the Librarian of Congress and the Director, National Library of Medicine.

Selected Examples of Recent Progress:

1. Technical Processes: A continuous intensive acquisition program has been carried on in an effort to provide the major agricultural and scientific publications needed by the Department's workers, research personnel, farmers and the public generally. The collection still lacks essential agricultural information published in foreign countries, as well as many important domestic publications. The aggressive gifts and exchange program resulted in the acquisition of approximately 70 percent of the material received. Despite maintenance of high production in classifying and cataloging incoming publications to make valuable information readily available to

Department workers, the backlog of unprocessed material is now approximately 41,000 volumes, an increase of 1,000 volumes over the 1958 figure.

2. Bibliographic Services: Access to the world's output of scientific literature in the fields needed by agricultural workers continues to be provided by the Bibliography of Agriculture.

In addition, there were 43 bibliographies, indexes and lists prepared on specialized subjects such as:

- (a) Direct seeding of the pine of the South.
- (b) Economics of irrigation in the eastern United States.
- (c) Methods of slaughtering large meat animals.
- (d) Plant succession on range land, 1950 - 1954.
- (e) Contract farming and vertical integration.

To give scientists information needed to select material to be translated under the Public Law 480 translation program, the Library prepared 8 lists of serial publications currently received from countries in which particular interest had been expressed. Two other lists are in preparation.

3. Reference and Lending Services: Necessary services to Department staff and other persons or institutions requiring the unique and specialized materials on agriculture and the closely related sciences were made available by the Reference and Lending staff. A recent example was the written request of a land-grant institution staff member for a long list of references he wished to abstract. Upon his arrival the material was all available in one place, saving him many days of time.

Loans of publications and photocopies in lieu of loans remain at approximately the same level as in prior years.

4. Continued Economies in Binding: The Library has continued to have its binding done by a small business concern under a waiver issued by the Public Printer. Through using only one color of binding and other standardizations the Library is able to obtain economies in binding by using commercial binders and placing bids on a highly competitive basis. The current \$1.95 per unit binding cost is the lowest in the Library's history. With the implementation of the special weeding and inventory program in 1960, an increase in the number of volumes bound is anticipated.

A comparison of the work load for fiscal year 1959 with the estimated work load for fiscal years 1960 and 1961 is reflected in the following table:

OVERALL VOLUME OF WORK PERFORMED BY DEPARTMENT LIBRARY
Fiscal Years 1959 - 1961

(Adjusted for Comparability)

Item	Actual			Estimated		
	1959	1960	1961	1959	1960	1961
Titles cataloged <u>1/</u>	9,196	9,200	10,000			
New catalog cards prepared <u>1/</u>	56,750	57,000	62,600			
Loan of books or periodicals	425,927	426,000	426,000			
Reference questions answered	85,408	85,000	85,000			
Serial publications received	506,868	491,000	491,000			
Serial publications entered	214,641	205,000	205,600			
Items indexed in Bibliography of Agriculture	95,588	96,000	96,000			
Volumes bound	4,450	7,000	7,000			
Obligations for books, periodicals, newspapers, and other publications	\$ 38,940	\$ 35,600	\$ 42,100			

1/ Includes work performed by Department Library for agency field libraries.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1959 were actually received or programmed for 1960 or 1961. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: Obligations, 1959	: Estimated Obligations, 1960	: Estimated Obligations, 1961
Allocations and Working Funds	:	:	:
(Advances from other agencies):	:	:	:
<u>International Cooperation Administration -</u>	:	:	:
For expenses in connection with training activities and technical assistance	\$11,703:	\$11,703 :	- -
<u>Obligations Under Reimbursements from Governmental and Other Sources:</u>	:	:	:
Salaries and expenses:	:	:	:
For bibliographies, and other special library services <u>a/</u>	85,795:	80,000 :	\$13,465
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	97,498:	91,703 :	13,465

a/ In addition to services performed for Federal agencies other than the Department, the Library provides special services required by the Agricultural Research Service in connection with research activities at Beltsville, Maryland. The amount of the reimbursement to the Library by ARS for such services was \$4,587 in 1959, and is estimated at \$4,762 in 1960 and \$4,978 in 1961.

COMMODITY CREDIT CORPORATION

Purpose Statement

Purpose - The Commodity Credit Corporation engages in buying, selling, lending, and other activities with respect to agricultural commodities, their products, food, feeds, and fibers, for the purpose of stabilizing, supporting, and protecting farm income and prices; assisting in the maintenance of balanced and adequate supplies of such commodities; and facilitating their orderly distribution. The Corporation also makes available materials and facilities required in connection with the production and marketing of such commodities.

Origin - The Commodity Credit Corporation was organized October 17, 1933, under the laws of the State of Delaware, as an agency of the United States. From October 17, 1933 to July 1, 1939 the Corporation was managed and operated in close affiliation with the Reconstruction Finance Corporation. On July 1, 1939 it was transferred to the Department of Agriculture by the President's Reorganization Plan I. Under the Commodity Credit Corporation Charter Act of June 29, 1948 (Public Law 806, 80th Congress), effective July 1, 1948, it was established as an agency and instrumentality of the United States under a permanent Federal charter. The charter was amended by Public Law 85, 81st Congress, approved June 7, 1949.

Management - The Corporation is managed by a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is, ex officio, a director and chairman of the board. The board consists of the Secretary of Agriculture and six other members appointed by the President and confirmed by the Senate. In addition, the Corporation has a bipartisan advisory board of five members appointed by the President to survey the general policies of the Corporation and advise the Secretary with respect thereto.

The Corporation may, with the consent of the agency concerned, utilize facilities of any other agency of the Federal Government. The Corporation, under this authority, makes extensive use of the personnel and facilities of the Commodity Stabilization Service and the Agricultural Stabilization and Conservation State and County Committees in carrying out Corporation activities. In its commodity storage operations the Corporation utilizes the services and fleet facilities of the Maritime Administration, and in its barter and stockpiling operations those of the General Services Administration.

The Corporation also utilizes normal trade facilities to the maximum extent practicable. In its lending activities the Corporation uses cooperatives, local banks, and other financial institutions. Commercial storage facilities are used in the storage of loan collateral and in the storage of stocks acquired by the Corporation. The services of purchase and sales agents are used in the cotton price-support program.

Operations - The budget is based on the following types of programs:

- (1) price support, (2) commodity export, (3) storage facilities,
- (4) supply and foreign purchase, (5) special milk program, and (6) special activities.

1. Price Support Program - Price-support operations are carried out under the Corporation's charter powers (15 U.S.C. 714), in conformity with the Agricultural Act of 1949 (7 U.S.C. 1421), the Agricultural Act of 1954 (7 U.S.C. 1741) which includes the National Wool Act of 1954, the Agricultural Act of 1956 (7 U.S.C. 1442) the Agricultural Act of 1958, and with respect to certain types of tobacco, in conformity with the Act of July 28, 1945 as amended (7 U.S.C. 1312). Under the Agricultural Act of 1949, price support is mandatory for the basic commodities -- corn, cotton, wheat, rice, peanuts, and tobacco -- and specific nonbasic commodities, namely tung nuts, honey, milk, butterfat, and the products of milk and butterfat. Under the Agricultural Act of 1958, as producers of corn voted in favor of the new price-support program for corn authorized by that Act, price support is mandatory for barley, oats, rye and grain sorghums. Price support for wool and mohair is mandatory under the National Wool Act of 1954 through the marketing year ending March 31, 1962. Price support for other nonbasic agricultural commodities is discretionary except that whenever the price of either cottonseed or soybeans is supported, the price of the other must be supported at such level as the Secretary determines will cause them to compete on equal terms on the market. This program may also include operations to remove and dispose of or aid in the removal or disposition of surplus agricultural commodities for the purpose of stabilizing prices at levels not in excess of permissible price support levels.

Price support is made available through loans, purchase agreements, purchases, and other operations, and, in the case of wool and mohair, through incentive payments based on marketings. The producer's commodities serve as collateral for price-support loans. With limited exceptions, price-support loans are nonrecourse and the Corporation looks only to the pledged or mortgaged collateral for satisfaction of the loan. Commodity Credit Corporation has authority under Sec. 502 of P.L. 85-835 to acquire title to the unredeemed collateral without paying any excess of market value over the loan indebtedness. Purchase agreements generally are available during the same period that loans are available. By signing a purchase agreement, a producer receives an option to sell to the Corporation any quantity of the commodity which he may elect within the maximum specified in the agreement.

Under a provision of the 1960 Appropriation Act (Public Law 86-80) no part of the authorization shall be used to formulate or carry out a price support program for 1960 under which a total amount of price support in excess of \$50,000 would be extended through loans, purchases, or purchase agreements made or made available by CCC to any person on the 1960 production of any agricultural commodity declared by the Secretary to be in surplus supply, unless (a) such person shall reduce his production of such commodity from that which such person produced the preceding year, in such percentage, not to exceed 20 per centum, as the Secretary may determine to be essential to bring production in line within a reasonable period of time with that necessary to provide an adequate supply to meet domestic and foreign demands, plus adequate reserves, or (b) such person shall agree to repay all amounts advanced in excess of \$50,000 for any agricultural commodity within twelve months from the date of the advance of such funds or at such date as the Secretary may determine.

Disposition of commodities acquired by the Corporation in its price-support operations is made in compliance with sections 202, 407, and 416 of the Agricultural Act of 1949, and other applicable legislation, particularly the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691) as amended (Public Law 480), title I of the Agricultural Act of 1954 as amended, title II of the Agricultural Act of 1956 as amended, the Agricultural Act of 1958, the Act of August 19, 1958, in the case of cornmeal and wheat flour, and the Act of September 21, 1959 (73 Stat. 574), with respect to sale of livestock feed in emergency areas.

As a means of increasing the utilization of dairy products, section 202 of the Agricultural Act of 1949, as amended, authorized a special program to operate through December 31, 1961, under which the Corporation is donating butter, cheese, and dried milk to Veterans' Administration and the armed services upon certification by them that the usual quantities of dairy products have been purchased in the normal channels of trade. The Corporation is also reimbursing these agencies at the rate of \$4.10 per cwt. for purchases of fluid milk made in addition to the usual purchases.

Section 407 of the Agricultural Act of 1949 authorized the Corporation to make available farm products for use in distress areas and in connection with any major disaster determined by the President to warrant assistance under Public Law 875 (42 U.S.C. 1855-1855g). Under this authority the Corporation has donated stocks of corn, oats, barley and grain sorghums in a manner which enabled stockmen and farmers in drought stricken areas to buy livestock feed at reduced prices.

2. Commodity Export Program - The Corporation promotes the export of agricultural commodities and products through sales, barters, payments and other operations. Such commodities and products may be those held in private trade channels as well as those in CCC inventory. This program is carried out under the authority contained in the Corporation's charter, particularly sections 5 (d) and 5 (f), and in accordance with specific statutes where applicable, such as sections 407 and 416 of the Agricultural Act of 1949, the International Wheat Agreement Act of 1949 (7 U.S.C. 1641), the Agricultural Trade Development and Assistance Act of 1954, title I of the Agricultural Act of 1954 and title II of the Agricultural Act of 1956. In general, transactions involving foreign currencies are conducted pursuant to the Agricultural Trade Development and Assistance Act of 1954, as amended. However, other such transactions may be conducted under the charter authority.

Obligations under the International Wheat Agreement and titles I, II and IV of the Agricultural Trade Development and Assistance Act of 1954, as amended are paid by the Corporation subject to reimbursement from appropriations authorized for such purpose.

Currently, in addition to the exports under the International Wheat Agreement, CCC wheat is available for export trade under barter programs of CCC and under other special circumstances at competitive world prices and is also made available to exporters in payment of the price

differential between the prevailing world export sales price and the domestic market price which is earned on exports of free-market wheat outside the International Wheat Agreement and under this Agreement. Cash payments are made on all exports of wheat flour either under the IWA or outside the agreement. Wheat and flour payments outside the Agreement are made on exports to countries not participating in the Agreement.

In order to encourage movement of cotton, corn, barley, grain, sorghums, oats, rye and rice from free-market supplies into export channels, export payments are made in the form of these commodities from the Corporation's stocks.

Cotton held in the Corporation's inventory is also sold for unrestricted use on a competitive price basis. The Corporation also conducts a cotton products export program designed to protect the competitive position of the domestic cotton industry in relation to sales of cotton products manufactured abroad from American cotton purchased at export prices. Equalization payments, based on the raw cotton content in the products exported, are made to exporters on cotton products of upland cotton grown and wholly processed in the United States.

The Corporation also furnishes agricultural commodities and products for distribution or exhibition at international trade fairs to aid in the development of foreign markets for such commodities.

3. Storage Facilities Program - This program is carried out under the authority contained in the Corporation's charter, particularly sections 4 (h), 4 (m), and 5 (a) and (b). The Corporation (a) purchases and maintains (in storage deficient areas) granaries and equipment for care and storage of grain owned or controlled by the Corporation; (b) makes loans for the construction or expansion of farm storage facilities; (c) provides storage-use guaranties to encourage the construction of commercial storage facilities; and (d) undertakes other operations necessary to provide storage adequate to carry out the Corporation's programs.

4. Supply and Foreign Purchase Program - This program is carried out under the authority contained in the Corporation's charter, particularly sections 5 (b) and (c) thereof. The Corporation procures foods, agricultural commodities, their products, and related materials to supply the requirements of Government agencies, foreign governments, and relief and rehabilitation agencies and to meet domestic requirements. Foods, agricultural commodities, and their products are procured or aid is given in their procurement to facilitate distribution or to meet anticipated requirements during periods of short supply. The Corporation may also, through purchases, loans, sales, or other means, make available materials and facilities required in connection with the production and marketing of agricultural commodities.

Operations involving procurement for other Government agencies are conducted in accordance with section 4 of the Act of July 16, 1943 (15 U.S.C. 713a-9), which requires that the Corporation be fully reimbursed for services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to or on behalf of any other Government agency from the appropriate funds of such agency. Operations not subject to section 4 of the act may involve losses if such are necessary to the accomplishment of the objects of the particular operation.

The main activities now carried on are procurement of commodities for the International Cooperation Administration, and liquidation of completed programs initially financed under the Defense Production Act to assure adequate supplies of strategic and critical materials.

5. Special Milk Program - Public Law 85-478 (7 U.S.C. 1446 note), as amended, authorized the use of not to exceed \$81 million for 1960 and \$84 million for 1961 of CCC funds to increase the consumption of fluid milk by children in nonprofit schools of high school grade and under and in nonprofit nursery schools, child-care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children. The Act further provides that amounts spent shall not be considered expended for the purpose of carrying out the price support program.

6. Special Activities - These activities are carried out under authority of section 5 (g) of the Corporation's charter and specific statutory authorizations or directives with respect thereto which are currently in effect or which may subsequently be enacted.

Except with respect to the activities set forth in the following items (11) and (12) where losses, if any, would be recovered through the general restoration of capital impairment, the Corporation receives reimbursement for costs of these activities through regular appropriations. Details with respect to these reimbursements may be found under the headings, "Reimbursement to CCC for costs of special activities", "Reimbursement to CCC, National Wool Act," the Agricultural Conservation Program Service, and the Soil Bank Program.

Activities currently being carried out are as follows: (1) International Wheat Agreement (7 U.S.C. 1641-1642), (2) Emergency famine relief to friendly peoples (7 U.S.C. 1703, 1721-1724), (3) Sales of surplus agricultural commodities for foreign currencies (7 U.S.C. 1701-1709), (4) Long-term supply contracts (73 Stat. 610), (5) Transfer of CCC grain to Interior for migratory waterfowl feed (7 U.S.C. 442-446), (6) Transfers of bartered materials to supplemental stockpile (7 U.S.C. 1856), (7) Grading and classing activities (7 U.S.C. 414a), (8) Soil bank program (7 U.S.C. 1808), (9) National Wool Act (7 U.S.C. 1781-1787), (10) Loans to Secretary of Agriculture for conservation program (7 U.S.C. 1391), (11) Military housing (Public Law 161, 84th Cong.) (5 U.S.C. 171z-1), and (12) Transfer of long-staple cotton from national stockpile for sale by CCC (71 Stat. 290).

Financing - The programs of the Commodity Credit Corporation are financed by capital stock, borrowings, guarantees to purchase notes or other obligations evidencing loans made by lending agencies, issuance of certificates of interest in loans held by the Corporation, restoration of capital impairment, appropriations to reimburse the Corporation for costs of special activities, and receipts from operations. The Corporation has an authorized capital stock of \$100,000,000 held by the United States, and authority to borrow up to \$14,500,000,000.

Funds are borrowed from the Treasury and may also be borrowed from private lending agencies. During the fiscal year 1960, the Corporation extended its certificate of interest method of financing cotton and grain loans by establishing a special pool applicable to all commodity loans held by the Corporation except cotton. It is contemplated that this plan will continue in effect in the fiscal year 1961.

All bonds, notes, debentures and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the Act of March 8, 1938 (15 U.S.C. 713a-4). Interest on borrowings from the Treasury (and on capital stock) is paid in accordance with a policy of the Treasury that the rate shall be based upon the average interest rate on all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. In connection with loan guarantees and certificates of interest, the Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made or certificates held by lending agencies.

Pursuant to the Act of March 8, 1938, as amended (15 U.S.C. 713a-1), an appraisal of the assets and liabilities of the Corporation is made each year by the Secretary of the Treasury to determine the net worth. If the net worth is less than \$100 million, an appropriation is obtained to permit the Secretary of the Treasury to restore the amount of capital impairment; if net worth is more than \$100 million the Corporation pays the surplus to the Treasury (15 U.S.C. 713a-2). The appraisal of assets is on the basis of cost to the Corporation. The capital impairment, therefore, represents realized losses.

Receipts from operations include proceeds from sales of commodities, loan repayments, interest income, advances, reimbursements for special activities financed by the Corporation other than from special appropriations, and miscellaneous income, refunds, and collections.

	Estimated Available, 1960	Budget Estimate, 1961
Restoration of capital impairment	a/ \$1,435,424,413	\$1,325,000,000
Administrative expense limitation	42,000,000	48,428,000
Anticipated supplemental for 1960 to provide for increased workload	800,000	- -

a/ In addition, a 1960 supplemental is anticipated in the amount of \$675,000,000.

COMMODITY CREDIT CORPORATION

Basic Assumptions

The Corporation's budget estimates for 1960 and 1961 are based on the general assumptions that:

- (a) employment, production, and national income will rise moderately both in 1960 and 1961 from the present level;
- (b) prices will change little, on the average, from the present level;
- (c) developments in international relations will not be such as to affect Government civilian programs generally;
- (d) exports of agricultural products generally will be slightly higher than the 1959 level;
- (e) acreage allotments and marketing quotas will be in effect for the 1960 crops of peanuts, rice, wheat, cotton, and certain kinds of tobacco;
- (f) acreage under the 1960 crop Choice B cotton program will be about the same as that for the 1959 crop; and
- (g) commodity yields will be in line with recent averages.

In considering these estimates, it should be recognized that it is difficult to estimate requirements for the fiscal year ending June 30, 1961. They are dependent upon whether conditions and all other factors affecting volume of production of crops not yet planted in this country and abroad, economic conditions generally, food needs in occupied areas and other foreign countries, availability of dollar exchange, and other complex and unpredictable factors.

Price Support Operations

General Outlook - On the basis of the above assumptions and taking into consideration estimated supply and utilization factors which were calculated individually for each commodity, the estimates reflect a continued high level of overall volume of price support operations in fiscal year 1961. They indicate in the aggregate that the investment in price support will be increased in both fiscal years 1960 and 1961 as acquisitions continue at a greater rate than commodity dispositions.

Loans - The budget estimates contemplate that loans made will decrease from \$3.5 billion in 1959 to \$2.1 in 1960 and to \$1.8 billion in 1961. The estimated decrease in 1960 is due principally to lower production of wheat and the shift in the cotton program from loans to purchases, while the decrease in 1961 is due mainly to anticipated lower production of corn.

A comparison of the estimated loan activity for each of the fiscal years 1960 and 1961 with the actual volume in 1959 is summarized as follows:

<u>Type of Activity</u>	F. Y. 1959 (actual)	F. Y. 1960 (estimated)	F. Y. 1961 (estimated)
	(In million dollars)		
Loans made	\$3,525	\$2,055	\$1,826
Repayments	674	819	816
Loan collateral forfeited and write-offs	1,973	2,059	1,364
Loans outstanding, end of year	2,448	1,625	1,271

Inventories - The budget estimates contemplate that the value of price support inventories as of June 30, 1960, will increase about 18% above that of June 30, 1959, and that a 12% increase above the June 30, 1960 level will occur by June 30, 1961. The major net increases in inventory expected to take place during both fiscal years 1960 and 1961 are primarily in cotton, corn, wheat, and grain sorghums. A comparison of the estimated inventory activity for each of the fiscal years 1960 and 1961 with the actual volume for 1959 is summarized as follows:

<u>Type of Activity</u>	F. Y. 1959 (actual)	F. Y. 1960 (estimated)	F. Y. 1961 (estimated)
	(In million dollars)		
Acquisitions and carrying charges	\$3,355	\$5,090	\$4,400
Dispositions	2,610	3,967	3,504
Inventory at end of year	6,200	7,323	8,219

Investment in Price Support - As a result of the loan and inventory activity shown above, it is estimated that the investment in price support - that is, inventories and loans outstanding - as of June 30, 1960, and June 30, 1961, will be about \$8.9 billion and \$9.5 billion, respectively, compared with \$8.6 billion as of June 30, 1959. On November 30, 1959, the Corporation's price support investment reached a peak of \$9.6 billion.

Commodity Program Summaries - The following summaries describe the price support and other operations which the Corporation anticipates will be required during each of the fiscal years 1960 and 1961 and the basis of such estimates. It should be noted that any variations from the conditions assumed may result in changes in the volume and character of the Corporation's operations, thereby necessitating changes in the program and administrative expense estimates.

PRICE SUPPORT PROGRAM, Basic Commodities

Corn

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1959-crop corn at not more than 90 percent of the preceding three-year average price of corn received by farmers, but not less than 65 percent of parity, as required by law.

Eligibility: Corn is eligible for price support when it is produced in Continental United States in 1959 and is ear or shelled corn, grading No. 3 or better, or grading No. 4 on the factor of test weight only, meeting moisture requirements, and sanitation requirements of Food and Drug Administration.

Corn delivered under a purchase agreement from farm storage must meet the above requirements, except it may grade as low as No. 5 and may bear the special grade "Weevily" in addition to the numerical grade.

Corn that cannot be safely stored on the farm is not eligible for farm-storage loan. Corn produced on federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956 is not eligible.

Eligible participants are producers of 1959-crop corn, who are in compliance with any regulations prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans are available from the time the crop is harvested, about August 1, 1959, through May 31, 1960, and will mature on July 31, 1960 (except that an earlier maturity date may be established for any State by the ASC State Committee), or earlier on demand. The national average support price is \$1.12 per bushel, which is 66 percent of October 1, 1959, parity price for all corn. Loans may be obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans will be made on a note-and-chattel mortgage basis for farm-stored corn, and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored corn.

Purchase Agreements are offered to producers from harvest through May 31, 1960. A producer desiring to deliver corn to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Resealing: Reseal loans on 1958-crop corn in farm storage under loan, or purchase agreements to be converted to loans, and extended reseal loans on 1957, 1956, and 1955 crops were available in designated areas where there was a shortage of storage space. A reseal program has not been announced for 1959 and 1960 crops, but if circumstances warrant resealing of corn, such programs will be authorized at the proper time. For this analysis, it is assumed that resealing will be in effect for both crops. Eligibility requirements necessary to place the respective crops under reseal will apply. Such extended loans will mature on the applicable maturity dates and producers will be paid storage for the reseal period. Purchase agreements may be converted to loans for reseal purposes.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 711-711o), particularly section 711c thereof; Titles I and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1141, 1121-1131); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

BASIS OF ESTIMATE:

Supply: Assuming (1) a 1960-crop harvested from 82.5 million acres and (2) a yield per acre of 49.7 bushels, a production of 4.1 billion bushels of corn is expected, 261 million bushels less than the 4.361 billion bushels indicated for the 84.6 million harvested acres for the 1959 crop at 51.5 bushels per acre. The 1958-crop production of 3.8 billion bushels was from 73.3 million acres at a yield of 51.8 bushels per acre. A carry-in of 2.0 billion bushels at the beginning of the 1960 crop year will provide a total supply of 6.1 billion bushels for the year compared with 5.9 billion indicated for 1959 and 5.3 billion available in the 1958 crop year.

Utilization: Domestic use in the 1960 crop year is estimated at 3.721 billion bushels compared with 3.651 billion in 1959 and 3.517 billion in 1958. Exports in the 1960 crop year are estimated at 230 million bushels compared with 240 million in 1959 and 226 million in 1958. The carry-out at the end of the 1960 crop year is 2.150 billion bushels compared with 2.0 billion in 1959 and 1.529 billion in 1958.

Price support activity: Should price support extended on the 1960 crop equal 12.0 percent of the production - as is currently estimated - it is expected that price support will be obtained on 490.0 million bushels compared with 825.0 million bushels anticipated for the 1959 crop (18.9%), and actual price support extended on the 1958 crop of 381.5 million bushels (10%).

Acquisitions during fiscal year 1961 are estimated at 647.0 million bushels, compared with 263.0 million bushels anticipated for fiscal year 1960, and actual acquisitions in fiscal year 1959 of 251.5 million bushels. Sales activity during fiscal year 1961 is estimated to total 224.0 million bushels, compared with 226.7 million bushels anticipated for fiscal year 1960, and actual sales in fiscal year 1959 of 234.9 million bushels. Such sales include payment-in-kind deliveries under the feed-grains and rice export programs.

Cornmeal: In recent years price support stocks of corn have been exchanged for cornmeal and subsequently donated under the authority of Section 416 of the Agricultural Act of 1949. The Act of August 19, 1958, authorized the Corporation to purchase cornmeal for such purpose in lieu of processing its stocks of corn in quantities not to exceed the equivalent of corn available in its inventories. It is estimated that 500 million pounds valued at \$20.4 million will be donated during each of the fiscal years 1960 and 1961 compared with actual donations during fiscal year 1959 of 461.9 million pounds valued at \$22.6 million.

PRICE SUPPORT PROGRAM, Basic Commodities

Cotton

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1959 Upland cotton under the alternate program choices made available to producers by the Agricultural Act of 1958: (1) at 80 percent of effective parity to producers who elect program Choice A, the regular acreage allotment, and (2) at 65 percent to producers who elect Choice B, the regular acreage allotment plus 40 percent. Extra long staple cotton will be supported at not more than 75 nor less than 60 percent, as required by law. The Agricultural Act of 1958 established the minimum level of support of 1959-crop Choice A cotton at 80 percent and provides that the level of support of Choice B cotton shall be 15 parity points below the Choice A level of support. Support for Choice A cotton is limited to purchases and for Choice B Upland and for extra long staple cotton to nonrecourse and bill-of-lading loans. Loans are not available for farm-stored cotton.

Eligibility: Purchases are made of eligible Choice A Upland cotton and loans are available on eligible Choice B Upland cotton produced in the United States in 1959 and on extra long staple cotton produced from 1959 plantings in designated areas. For purchase, each bale of cotton must weigh not less than 275 nor more than 700 pounds gross weight. However, the purchase rate for bales weighing from 275 through 349 pounds gross weight will be reduced one cent per pound and one-half cent per pound for bales of 626 through 700 pounds, gross weight. For a loan, each bale must weigh not less than 350 nor more than 625 pounds, gross weight.

Any cotton produced in violation of leases restricting production of surplus crops on federally-owned land or on newly irrigated or reclaimed land within any Federal project authorized after May 28, 1956, is not eligible for price support.

Producers of 1959-crop cotton, who have complied with the provisions of the acreage allotment and marketing quota program, with a right to sell the cotton or pledge it as security for a loan are eligible to participate. Loans are available to cotton cooperative marketing associations on eligible cotton produced by their members.

Operations: Purchases and loans are available from the date purchase rates and loan rates are announced through April 30, 1960, except that if determined necessary by the New Orleans Commodity Office, loans may be made after such date on fall-planted extra long staple cotton in Puerto Rico. Purchases and loans are made by persons and firms which meet requirements prescribed by the Commodity Credit Corporation and which have entered into agreements with the Corporation to make

purchases from or loans to producers, or directly by the Corporation through the New Orleans Commodity Office. Price support on Upland cotton is available in all cotton-producing States and on extra long staple cotton as follows: (1) American-Egyptian cotton produced in designated areas of Arizona, California, New Mexico, and Texas; (2) Sea-land and Sea Island cotton produced in designated areas of Florida and Georgia, and (3) Sea Island cotton produced in Puerto Rico. Loans mature July 31, 1960, or earlier on demand.

Beginning with the 1959 crop, as authorized by the Agricultural Act of 1958, so-called "equity" payments will not be made in connection with the takeover of cotton pledged as collateral for price support loans. While equity payments will no longer be made, producers may continue to obtain any equity they may have in loan collateral by repaying the loan and applicable charges before maturity, thus regaining full ownership of the commodity for whatever disposition they may choose to make.

Section III of the Agricultural Act of 1958 provides that beginning with the 1959 crop, the Secretary shall establish separate price support rates for split grades and full grades substantially reflecting relative values. The premiums and discounts determined for such grades from the announced Schedule of Premiums and Discounts (applicable to both purchase of Choice A and to loans on Choice B cotton) are as follows: the white grades (pluses) reflect one-half the difference between the designated and the next higher grade and the light spots and light grays reflect one-half the difference between the designated spotted or gray grade and the corresponding white grade.

The purchase rate for Choice A cotton, basis Middling 7/8 inch, gross weight, at average location is 30.40 cents per pound, and the loan rate for Choice B cotton, same quality and location is 24.70 cents per pound. In accordance with legislation, these supports are final and reflect 80 and 65 percent, respectively, of the February 1959 parity price.

The average support price for extra long staple cotton is 52.91 cents a pound, net weight (65% of parity as of February 1959), with an average of 52.95 cents for American-Egyptian and 47.95 cents for Sea-land and Sea Island cotton.

Upon maturity and nonrepayment of the note, the holder is authorized without notice to the producer to sell, assign, transfer, and deliver the cotton or documents evidencing title thereto, at such time, in such manner, and upon such terms and conditions as the holder may determine, at any cotton exchange, or elsewhere, or through any agency, at public or private sale, for immediate or future delivery, and without demand, advertisement, or notice of the time and place of sale or adjournment thereof or otherwise; and upon such sale, the holder may become the purchaser of the whole or any part of such cotton. Any overplus remaining from the proceeds received therefrom, after deducting from such proceeds the amount of the loan, charges and interest, shall be paid to

the producer or his personal representative without right of assignment to or substitution of any other person.

Donations: Pursuant to Public Law 85-835 approved August 28, 1958, the Commodity Credit Corporation is authorized, on such terms as the Secretary of Agriculture may approve, to donate cotton acquired through its price support operations to educational institutions for use in training of students in the processing and manufacture of cotton into textiles. Under this authority 56 bales of cotton were donated to textile schools.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949, as amended by Public Law 85-497, approved July 2, 1958 (7 U. S. C. 1441, 1421-1431); Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860), Public Law 85-835 approved August 28, 1958, and Public Law 86-341 approved September 21, 1959.

BASIS OF ESTIMATE

Upland Cotton

Acreage: For budget purposes, it is assumed that under the provisions of the Agricultural Act of 1958, about 90 percent of the producers (with about 79% of the total allotment acres) of the 1960-crop cotton will elect Choice A. The 1960-crop base acreage allotment will be 16 million acres plus a national acreage reserve of 310,000 acres to be apportioned to States on the basis of their needs for establishing minimum farm allotments - the same as for the 1959 crop. However, the anticipated slight increase in Choice B allotments will raise the total allotted acreage to 17.4 million acres - an increase of about 65,000 acres over the 1959-crop allotment.

Supply: Assuming (1) that 15.0 million acres of the allotted 17.4 million acres will be harvested (taking into consideration the estimated acres in the conservation reserve program, underplantings and abandonment) and (2) a yield per acre of 470 pounds, production of 14.6 million running bales is estimated for the 1960 crop, compared with 14.5 million bales indicated for the 1959 crop with the same yield and 11.4 million bales actually produced from the 1958 crop with a yield of 466 pounds per acre. With a carry-in of 8.8 million bales and imports of 60,000 bales, a total supply of 23.4 million bales is estimated for the 1960 marketing year compared with 23.2 million bales indicated for 1959 and 19.8 million bales available in the 1958 marketing year.

Utilization: Domestic use in both the 1959 and 1960 marketing years is estimated at 8.9 million bales compared with 8.6 million bales in 1958. Exports are anticipated to amount to 5 million bales in 1960 compared with 5.5 million estimated for 1959 and 2.8 million exported in 1958. A carry-out of 9.5 million bales is estimated at the end of the 1960 marketing year compared with 8.8 million bales anticipated for 1959 and 8.5 million of the 1958 crop.

Price support activity: Loan activity for the 1960 crop is estimated at about the same level as for the 1959 crop with 250,000 bales going under loan and 200,000 bales redeemed compared with 6.8 million bales in the 1958 crop with about .8 million bales redeemed. Acquisitions of prior-year loan collateral during fiscal year 1961 are estimated at only 50,000 bales compared with almost 6 million bales acquired in the fiscal year 1960 from the 1958 crop. This reflects the shift in the program from primarily loans to one of purchases. It is estimated that purchases will be made of practically all of the Choice A cotton—10.2 million bales in each year— or 99% of the production of the 1960 crop and 98.7% of the 1959 crop. It is expected that 6.6 million bales of purchased cotton and 3.3 million bales of 1959 and prior crops will be sold during the fiscal year 1961, making total dispositions about 9.9 million bales compared with 10.6 million bales anticipated for the fiscal year 1960, and 2.5 million bales sold in 1959.

Extra Long Staple Cotton

Acreage: Acreage allotments and marketing quotas will be in effect on the 1960 crop of extra long staple cotton. The 1960 acreage allotment will be 64,776 acres compared with 70,822 acres for the 1959 crop and 83,286 acres allotted in 1958. The marketing quota for 1960 is 66,600 bales compared with 74,000 for 1959 and 79,000 in 1958. Recent legislation provided that the 1960 marketing quota shall be not less than 90% of the 1959 quota.

Supply: Assuming (1) that 61,000 of the 64,776 allotted acres will be harvested and (2) a yield per acre of 540 pounds, a production of 68,000 running bales is estimated for the 1960 crop compared with 73,400 bales currently indicated for the 1959 crop with a yield of 544 pounds and 81,800 bales for the 1958 crop with a yield of 502 pounds per acre. With a carry-in of 145,300 bales and imports of 85,600 bales, a total supply of 298,900 bales is estimated for the 1960 marketing year compared with 265,300 bales anticipated for 1959 and 244,400 bales for 1958.

Utilization: Domestic use is estimated at 115,000 bales in each of the 1959 and 1960 marketing years compared with 109,000 bales in 1958 with exports estimated at 5,000 bales in both 1959 and 1960 compared with 22,800 bales in 1958, the carryout is estimated at 178,900 bales at the close of 1960 compared with 145,300 bales in 1959 and 112,600 in 1958.

Price support activity: Should loans on the 1960 crop equal 58.8 percent of the production—as is currently anticipated—it is estimated that loans will be made on 40,000 bales in the fiscal year 1961 compared with 48,000 bales for the fiscal year 1960 (65.4 percent of production) and actual loans made during the fiscal year 1959 on 60,979 bales (68.9 percent of production).

Acquisitions of prior year loan collateral during the fiscal year 1961 are estimated at 43,000 bales compared with 42,079 bales anticipated in the fiscal year 1960 and 39,261 actually acquired in the fiscal year 1959. Sales during fiscal year 1961 are estimated at 5,000 bales compared with 8,000 bales anticipated during 1960 and 11,682 bales actually sold during the fiscal year 1959.

PRICE SUPPORT PROGRAM, Basic Commodities

Peanuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1959-crop peanuts at not more than 90% nor less than 75% of parity as required by law.

Eligibility: Eligible commodity is 1959-crop inspected, farmers' stock, quota peanuts suitable for storage and containing not in excess of the percentages of foreign material, damaged kernels, and moisture as established by the President or Executive Vice President, CCC. Peanuts produced on federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, are not eligible.

Eligible participants are producers or grower associations of producers, and shellers. Eligible producers must comply with applicable regulations prescribed by the Secretary with respect to peanut acreage allotments and marketing quotas.

Operations: Nonrecourse loans were available to eligible producers from about August 1, 1959 through February 1, 1960, maturing May 31, 1960. The average level of support is \$195.50 a ton (9.675¢ a lb.), which reflects 75% of parity as of August 1959, the beginning of the marketing year. Loans were obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans were on a note-and-chattel mortgage basis for farm-stored peanuts and note-and-loan agreement basis for warehouse-stored peanuts. CCC may also purchase No. 2 shelled peanuts from commercial shellers from October 1, 1959 to not later than August 31, 1960.

Purchase agreements were offered to producers through February 1, 1960. Producers desiring to sell peanuts to the Corporation under a purchase agreement will have a 30 day period ending on May 31, 1960 during which to declare their intention to sell. The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly Section 714c thereof; Titles I and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1441, 1421-1431); and Title I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

BASIS OF ESTIMATE:

Acreage: Acreage allotments and marketing quotas will be in effect on the 1960-crop peanuts. The allotment for that crop is estimated at 1,610,000 acres, the minimum established by section 358 (a), Agricultural Adjustment Act of 1938, compared with 1,612,000 acres in each of the 1958 and 1959 crop years.

Supply: Assuming (1) that 1,500,000 of the allotted 1,610,000 acres will be picked and threshed and (2) a yield of 1,112 pounds per acre, a production of 1.668 billion pounds is estimated for the 1960 crop year, compared with 1.673 billion pounds indicated for the 1959 crop from a yield of 1,118 pounds per acre and 1.836 billion pounds actually produced from the 1958 crop at a yield of 1,205 pounds per acre. With a carry-in of 500 million pounds and 2 million pounds of imports, a total supply of 2.170 billion pounds is estimated for the 1960 crop year compared with 2.189 billion pounds indicated for 1959 and 2.199 billion pounds available in the 1958 crop year.

Utilization: Domestic use in the 1960 crop year is estimated at 1.608 billion pounds compared with 1.627 billion pounds indicated for 1959 and 1.623 billion pounds in 1958, while exports are 62 million pounds in each year, resulting in an estimated carry-out of 500 million pounds at the end of each of the 1959 and 1960 crop years and 514 million pounds at the end of 1958.

Price support activity: A reduction in the stocks held by millers, warehouses and end-users is expected to bring about a reduction in the percent of production placed under loan to 12.6%, or 210 million pounds, in the 1960 crop year compared with an indicated 20.9% or 350 million pounds, in 1959 and 14.5%, or 264 million pounds in 1958.

Acquisitions from loan collateral of farmers' stock peanuts during the fiscal year 1961 are estimated at 140 million pounds compared with 181 million pounds in fiscal year 1960 and 257 million pounds in fiscal year 1959. In addition, about 56 million pounds of No. 2 shelled peanuts will be purchased in fiscal year 1961 compared with 70 million pounds in fiscal year 1960 and 74 million pounds in fiscal year 1959.

PRICE SUPPORT PROGRAM, Basic Commodities

Rice

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1960-crop rice at not more than 90 percent nor less than 75 percent of parity as required by law.

Eligibility: Rough rice is eligible for price support when it is produced in Continental United States in 1960 and shall be (1) one of the classes within the Official Standards of the United States other than "mixed rough rice", (2) grading No. 5 or better, (3) containing not more than 14 percent moisture, and (4) meeting sanitation requirements of Food and Drug Administration. Rice that cannot be safely stored on the farm is not eligible for farm-storage loan. Rice produced on federally owned land in violation of restrictive leases shall not be eligible.

Eligible participants are producers and cooperative marketing associations of producers for 1960-crop rice, who are in compliance with any regulations prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans are available from the time the crop is harvested, about May 15, 1960 through January 31, 1961, and will mature March 31, 1961, (except that an earlier date may be set in some States) or earlier on demand. The "advance" minimum national average support price will be \$4.36 per hundredweight which is 75 percent of estimated modernized parity on December 1, 1959. This announced price will not be reduced, but may be increased if necessary because of any increase in parity on August 1, 1960, the beginning of the marketing year. Premiums and discounts apply for the various varieties, grades, and milling qualities. Loans may be obtained from eligible financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans are on a note-and-chattel mortgage basis for farm-stored rice, and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored rice.

Purchase agreements are offered to producers from harvest through January 31, 1961. A producer desiring to deliver rice to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date, or on such earlier date as may be determined by the Corporation. The producer will not be obligated to sell any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949 as amended (7 U. S. C. 1441, 1421-1431); Title I of the Agricultural Act of 1956 (7 U. S. C. 1813); and Department of Agriculture and Farm Credit Administration Appropriation Act, 1960, Public Law 86-80.

BASIS OF ESTIMATE:

Acreage: It is assumed that acreage allotments and marketing quotas will be in effect for the 1960-crop rice. The allotment for the 1960 crop is estimated at 1,653,000 acres, the same as for the 1959 and 1958 crops.

Supply: Assuming (1) that 1,585,000 acres will be harvested and (2) a yield of 32.18 hundredweight per acre, production of 51 million hundredweight is estimated for the 1960 crop, compared with 53.2 million hundredweight indicated for the 1959 crop year from a yield of 33.49 hundredweight per acre and an actual production of 44.4 million hundredweight for the 1958 crop from a yield of 31.35 hundredweight per acre. With a carry-in of 13.6 million hundredweight and imports of 150,000 hundredweight, a total supply of 64.8 million hundredweight is estimated for the 1960 crop year compared with 69.0 million hundredweight for the 1959 crop year and 61.3 million hundredweight for the 1958 crop year.

Utilization: Domestic use in 1960 crop year is estimated at 26.6 million hundredweight compared with 26.4 million hundredweight in 1959 crop year and 25.9 million hundredweight in 1958 crop year. Exports are anticipated at 25.0 million hundredweight in 1960 crop year, with 29.0 million hundredweight indicated in 1959 crop year and actual exports of 19.7 million hundredweight in 1958 crop year. The resulting carry-out is 13.2 million hundredweight in 1960 crop year, 13.6 million hundredweight in 1959 crop year and 15.7 million hundredweight in 1958 crop year.

Price support activity: Should price support extended on the 1960 crop equal about 30 percent of the production - as is currently estimated - it is expected that price support will be obtained on 15.5 million hundredweight during the fiscal year 1961, about the same as that anticipated for the 1959 crop, compared with actual price support extended on the 1958 crop of 11.6 million hundredweight (26.1

Acquisitions during each of the fiscal years 1960 and 1961 are estimated at 9.0 million hundredweight compared with actual acquisitions in fiscal year 1959 of 6.5 million hundredweight.

Sales activity during each of the fiscal years 1960 and 1961 is estimated to total 9.0 million hundredweight compared with actual sales in fiscal year 1959 of 9.4 million hundredweight. Of these sales, it is estimated that during fiscal year 1961, a total of 6.3 million hundredweight will be made to millers and CCC will repurchase 3.7 million hundredweight of milled rice. During fiscal year 1960 sales to millers are anticipated to be 5.8 million hundredweight with repurchases of 3.3 million hundredweight of milled rice, compared with actual sales to millers in fiscal year 1959 of 5.7 million hundredweight with repurchases of 4.9 million hundredweight of milled rice. Sales also include some payment-in-kind deliveries under the rice export program but it is anticipated that most of the certificates issued to rice exporters will be redeemed in feed grains rather than in rice.

PRICE SUPPORT PROGRAM, Basic Commodities

Tobacco

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1959-crop tobacco as required by law.

Eligibility: Eligible commodity is tobacco of the 1959 crop grown in the United States and in Puerto Rico. Tobacco produced on federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, is not eligible. Eligible borrowers are growers of eligible tobacco who are in compliance with applicable regulations prescribed by the Secretary with respect to tobacco acreage allotments and marketing quotas. Growers of Maryland Type 32 and Pennsylvania Seedleaf Type 11 tobacco will not receive price support on the 1959 crop since they disapproved marketing quotas.

Operations: Nonrecourse loans are offered to cooperators at following levels during the periods indicated and mature on demand:

		Announced	:		:		:		:	
		average	:	Support Level	:	Loans Available				
		support	:		:					
		price	:	% of..	:	Parity	:	Earliest	:	Latest
		per pound	:	Parity	:	as of	:	date	:	date
			:		:		:		:	
Flue-cured ...	\$.555	:	90	:	7/1/59	:	7/1/59	:	2/29/60	
Burley	.572	:	90	:	10/1/59	:	11/1/59	:	4/30/60	
Fire-cured ...	.388	:	75 (of	:		:		:		
		:	burley) a/	:	10/1/59	:	11/1/59	:	4/30/60	
Dark air-cured		:		:		:		:		
and sun-cured	.345	:	66-2/3 (of	:		:		:		
		:	burley) a/	:	10/1/59	:	11/1/59	:	4/30/60	
Maryland	b/	:		:		:		:		
Cigar binder ..	.396	:	90	:	10/1/59	:	9/1/59	:	7/31/60	
Cigar filler &		:		:		:		:		
binder	.286	:	90	:	10/1/59	:	9/1/59	:	7/31/60	
Puerto Rican ..	.297	:	90	:	10/1/59	:	2/1/59	:	9/30/60	

a/ But not to exceed the higher of the level of the 1957 crop or 90% of parity.

b/ Not eligible for price support inasmuch as quotas were disapproved.

Loans are made through producer associations or other responsible organizations which act for groups of growers in receiving, handling, and selling their tobacco. Costs incurred incidental to placing loan tobacco in storable condition and overhead costs of the cooperatives are advanced by CCC to the associations and become a part of the

principal loan outstanding. No commercial insurance is carried on tobacco collateral. In lieu thereof the Corporation assumes the physical loss or damage on the tobacco and charges the loan account with a collateral fee of 1 1/2 cents a month on each \$100 outstanding on the principal amount of the loan on tobacco stored in Continental United States and 3 cents a \$100 a month on tobacco stored in Puerto Rico.

Under the loan agreements the associations servicing the auction areas bear overhead costs in connection with the loan operation in an amount not less than 12 cents a cwt. and are authorized to pass this charge on to the grower. The charge in cigar-type areas, where the auction system is not used, will be established at a rate proportionate to the relative costs involved in each area.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 711-711o), particularly section 711c thereof; Titles I and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1441, 1421-1431); Section 2 of the Act of July 28, 1945, as amended by Public Law 85-92, approved July 10, 1957 (7 U. S. C. 1312 note); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

BASIS OF ESTIMATE:

Acreage: Acreage allotments and marketing quotas will be in effect on certain kinds of 1960-crop tobacco. The estimated allotment for the 1960 crop is 1,229,000 acres, compared with 1,227,000 for the 1959 crop and 1,232,000 acres for the 1958 crop.

Supply: Assuming (1) that 1,185,000 of the allotted 1,229,000 acres will be harvested and (2) a yield per acre of 1,566 pounds, a production of 1.856 billion pounds is estimated for the 1960 crop compared with indicated production of the 1959 crop of 1.845 billion pounds with a yield of 1,562 pounds per acre and actual production in 1958 of 1.762 billion pounds with a yield of 1,600 pounds per acre. With a carry-in of 3.881 billion pounds at the beginning of the marketing year 1960 and imports of 155 million pounds, a total supply of 5.892 billion pounds is estimated for the 1960 marketing year compared with 5.981 billion pounds anticipated in 1959 and 6.092 billion pounds available in 1958.

Utilization: Domestic use in 1960 is estimated at 1.610 billion pounds compared with 1.585 billion pounds anticipated in 1959 and 1.579 billion pounds used in 1958. The increased use in 1960 reflects the continuation of present trends in smoking patterns. A continued rise in production of cigarettes using burley and flue-cured tobacco is anticipated due to population increases and further expansion of smoking among women.

Exports in 1960 are estimated at 510 million pounds compared with 515 million anticipated in 1959 and 532 million pounds in 1958. The decrease in 1960 is primarily caused by the comparatively high prices of U. S. tobacco and the increased competition from other tobacco-producing countries. Carryout at the end of the 1960 marketing year is estimated at 3.772 billion pounds, compared with 3.881 billion pounds anticipated at the end of 1959 and 3.981 billion pounds at the end of 1958.

Price support activity: During the fiscal year 1961, it is estimated that loans will be made on 188.5 million pounds of tobacco (11.3% of production) compared with loans on 125.0 million pounds anticipated in the fiscal year 1960 (7.6%) and actual loans made in the fiscal year 1959 on 149.4 million pounds (9.5%). Repayments of loans--primarily of prior years' stocks-- are estimated at 309.0 million pounds in the fiscal year 1961 compared with 318.0 million pounds anticipated in the fiscal year 1960 and actual repayments of 156.1 million pounds during the fiscal year 1959, resulting in large reductions in outstanding loans. The major factor in this is that production has been below disappearance for the two principal kinds of tobacco,-- flue-cured and burley - and the fact that production of cigarettes is increasing. For the past several years, cigarette manufacturers have been able to produce more cigarettes without using correspondingly increased quantities of tobacco. However, it now appears that larger quantities of tobacco will be required for the upturn in cigarette production.

PRICE SUPPORT PROGRAM, Basic Commodities

Wheat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1960-crop wheat at not more than 90 percent nor less than 75 percent of parity as required by law.

Eligibility: Wheat is eligible for price support when it is produced in Continental United States in 1960 and shall be (1) any class grading No. 3 or better; or (2) any class grading No. 4 or No. 5 on the factor of "test weight" and/or because of containing "durum" and/or "Red Durum" but otherwise grading No. 3 or better, and meeting sanitation requirements of Food and Drug Administration in a manner determined by the President or Executive Vice President, CCC. Wheat that cannot be safely stored on the farm is not eligible for farm-storage loan. Wheat produced on federally owned land in violation of restrictive leases is not eligible.

Eligible participants are producers of 1960-crop wheat in the commercial producing areas who are in compliance with any regulations prescribed by the Secretary with respect to wheat acreage allotments and marketing quotas governing eligibility for price support.

Operations: Nonrecourse loans are available from the time the crop is harvested, about May 15, 1960, through January 31, 1961 and will mature February 28, 1961, in designated States and March 31, 1961, in other States, or earlier on demand. The "advance" minimum national average support price in the commercial wheat-producing area will be \$1.77 per bushel which is 75 percent of estimated modernized parity as of July 1, 1959. This announced price will not be reduced, but may be increased if necessary because of any increase in parity or decrease in the supply percentage as of July 1, 1960, the beginning of the marketing year.

In the noncommercial area, county support rates, as provided by law when allotments are in effect in the commercial area, will be 75 percent of that in the commercial area.

Loans may be obtained from eligible financial institutions, or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans are on a note-and-chattel mortgage basis for farm-stored wheat, and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored wheat.

Purchase agreements are offered to producers from harvest through January 31, 1961. A producer desiring to deliver wheat to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date, or on such earlier date as may be determined by the Corporation. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Resealing: Reseal loans on 1958-crop wheat in farm storage under loan or purchase agreements to be converted to loans, and extended reseal loans on 1957 and 1956 crops were available in designated areas where there was a shortage of storage space. A reseal program has not been announced for 1959 and 1960 crops, but if circumstances warrant resealing of wheat, such programs will be authorized at the proper time. For this analysis, it is assumed that resealing will be in effect for both crops. Eligibility requirements necessary to place the respective crops under price support will apply. Such extended loans will mature on the applicable maturity dates, and producers will be paid storage for the reseal period. Purchase agreements may be converted to loans for reseal purposes.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1441, 1421-1431); Title I of the Agricultural Act of 1956 (7 U. S. C. 1813); and Department of Agriculture and Farm Credit Administration Appropriation Act, 1960, Public Law 86-80.

BASIS OF ESTIMATE:

Acreage: Acreage allotments and marketing quotas will be in effect on the 1960 crop wheat. The allotment for that crop is estimated at 55 million acres, which is the minimum established by section 333, Agricultural Adjustment Act of 1938 the same as that established for the 1958 and 1959 crop years.

Supply: Assuming (1) a 1960-crop harvested from 53.3 million acres and (2) a yield of 22.5 bushels per acre, a production of 1.2 billion bushels of wheat is expected, 72 million more than the 1.128 billion bushels currently indicated for the 53.0 million harvested acres for the 1959 crop at 21.3 bushels per acre. The 1958-crop production of 1.5 billion bushels from 53.4 million acres at a yield of 27.4 bushels was a record high.

Utilization: Domestic use in the 1960 crop year is estimated at 628 million bushels compared with 625 million bushels indicated for the 1959 crop year and 639 million bushels used in 1958. Exports of 425 million estimated for the 1960 and 1959 crop years compare with 443 million in 1958. The carry-out will rise to 1.520 billion bushels by the end of the 1960 crop year as compared with 1.365 billion bushels in 1959 and 1.279 billion bushels in 1958.

Price support activity: Should price support extended on the 1960 crop equal 36.4 percent of the production--as is currently estimated--it is expected that price support will be obtained on 437 million bushels of the 1960 crop compared with 383 million bushels anticipated for the 1959 crop (33.9 percent of production) and actual price support extended on the 1958 crop of 609 million bushels (41.7 percent of the production).

Acquisitions during fiscal year 1961 are estimated at 284.3 million bushels, compared with 245.2 million bushels anticipated for fiscal year 1960, and actual acquisitions in fiscal year 1959 of 463.4 million bushels.

Sales activity during fiscal year 1961 is estimated to total 155.5 million bushels, compared with 152.5 million bushels anticipated for fiscal year 1960, and actual sales in fiscal year 1959 of 151.0 million bushels. Sales include payment-in-kind deliveries for price differentials earned by exporters for exports of wheat obtained through commercial channels under CCC export programs.

Wheat flour: In recent years, price support stocks of wheat have been exchanged for wheat flour, and subsequently disposed of under Section 416 of the Agricultural Act of 1949 and for relief requirements under Title II of Public Law 480. The Act of August 19, 1958 authorized the Corporation to purchase wheat flour for such purposes in lieu of processing its stocks of wheat in quantities not to exceed the equivalent of wheat available in its inventories. It is estimated that 1.300 billion pounds of flour valued at \$71.5 million will be donated under Section 416 during each of the fiscal years 1960 and 1961 compared with actual donations in fiscal year 1959 of 1.285 billion pounds valued at \$79.7 million. Other dispositions, primarily under Title II of Public Law 480, are estimated at 100.0 million pounds of flour valued at \$5.5 million during each of the fiscal years 1960 and 1961 compared with actual dispositions in fiscal year 1959 of 82.5 million pounds valued at \$5.3 million.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Barley

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1959-crop barley at a level that is fair and reasonable in relation to the level of support for corn.

Eligibility: Barley is eligible for price support when it is produced in Continental United States in 1959 grading No. 5 or better, or grading No. 5 Garlicky or better, except that Western barley shall have a test weight of not less than 40 pounds per bushel. Barley that cannot be safely stored on the farm is not eligible for farm-storage loan. Barley produced on federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, is not eligible.

Eligible participants are producers of 1959-crop barley who are in compliance with any regulations prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans were available from the time the crop is harvested, about May 15, 1959 through January 31, 1960, and will mature April 30, 1960 (except that an earlier maturity date may be established for any State by the President or Executive Vice President of CCC), or earlier on demand. The national average support price is 77 cents per bushel, which is 60 percent of February 1, 1959, parity price for all barley. Loans were obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans were made on a note-and-chattel mortgage basis for farm-stored barley, and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored barley.

Purchase agreements were offered to producers from harvest through January 31, 1960. A producer desiring to deliver barley to the Corporation under a purchase agreement must declare his intention to sell within a 30 day period ending on the applicable loan maturity date. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Resealing: Reseal loans on 1958-crop barley in farm storage under loan, or purchase agreements to be converted to loans, and extended reseal loans on 1957 and 1956 crops were available in designated areas where there was a shortage of storage space. A reseal program has not been announced for 1959 and 1960 crops, but if circumstances warrant resealing of barley, such programs will be authorized at the proper time. For this analysis it is assumed that resealing will be in effect for both crops. Eligibility requirements necessary to place the respective crops under reseal will apply. Such extended loans will mature on the applicable maturity dates, and producers will be paid storage for the reseal period. Purchase agreements may be converted to loans for reseal purposes.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714c), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949, as amended, (7 U. S. C. 1441 note, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

BASIS OF ESTIMATE:

Supply: Assuming (1) a 1960-crop harvested from 15.0 million acres and (2) a yield of 29.0 bushels per acre, a production of 435 million bushels of barley is expected, 15 million bushels more than the 420 million indicated for the 15.1 million harvested acres for the 1959 crop at 27.9 bushels per acre. The 1958-crop production of 475.2 million bushels was from 14.9 million acres at a yield of 31.8 bushels per acre. A carry-in of 160.0 million bushels and imports of 20 million bushels will provide a total supply of 615.0 million bushels for the 1960 crop year compared with 634.1 million bushels for 1959 and 657.9 million bushels for 1958.

Utilization: Domestic use in the 1960 crop year is estimated at 365.0 million bushels compared with 364.1 million bushels in 1959 and 347.3 million bushels in 1958. Exports in the 1960 crop year are estimated at 100.0 million bushels compared with 110.0 million bushels in 1959 and 116.6 million in 1958. The carry-out at the end of the 1960 crop year is 150 million bushels compared with 160 million bushels in 1959 and 193.9 million bushels in 1958.

Price support activity: Should price support extended on the 1960 crop equal 20.9 percent of the production—as is currently estimated—it is expected that price support will be obtained on 91.0 million bushels,

during the fiscal year 1961, compared with 80.5 million bushels anticipated for the 1959 crop (19.2%) and actual price support extended on the 1958 crop on 107.3 million bushels (22.6%).

Acquisitions during fiscal year 1961 are estimated at 54.5 million bushels, compared with 64.9 million bushels anticipated for fiscal year 1960, and actual acquisitions in fiscal year 1959 of 49.4 million bushels. Sales activity during fiscal year 1961 is estimated to total 63.5 million bushels, compared with 77.5 million bushels anticipated for fiscal year 1960, and actual sales in fiscal year 1959 of 35.5 million bushels. Such sales include payment-in-kind deliveries under the feed-grains and rice export programs.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Honey

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price which beekeepers receive for honey at not more than 90 nor less than 60 percent of parity, as required by law.

Eligibility: Eligible participant is any individual, partnership, association, or corporation producing 1959-crop extracted honey.

Eligible commodity is limited to extracted honey of the 1959-crop produced in Continental United States, packed in 60-pound or larger containers, equivalent to or better than U. S. Grade C, and not objectionable in flavor. Provision is made to extend support to honey in Hawaii and Puerto Rico if deemed necessary by the Executive Vice-President of CCC.

Operations: Nonrecourse farm-storage loans and purchase agreements were available from April 1, 1959 through December 31, 1959, and will mature not later than April 30, 1960.

The national average support price of 8.3 cents a pound reflects approximately 60 percent of parity as of April 1, 1959, the beginning of the marketing year, adjusted to the 60-pound container level.

Loans were made on a note-and-chattel mortgage basis and were obtained from financial institutions or direct from CCC through the Agricultural Stabilization and Conservation County Committees. Loan rate is determined on the basis of samples from the lot or lots which will be placed under loan. Honey is to be stored in approved storage structures located on or off the producers' premises, excluding public warehouses. Producers are obligated to maintain the structures in good repair and keep honey in good condition.

Purchase agreement deliveries will be accepted within the maximum quantity specified in the agreement.

Contracts on a negotiated or bid basis may be entered into with commercial honey packers for processing or repackaging which may be required either to protect or facilitate the disposition of the commodity acquired by CCC.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1446, 1421-1431).

BASIS OF ESTIMATE:

Supply: It is estimated that honey production in the marketing year 1960 will be 238 million pounds compared with 248 million pounds estimated for the marketing year 1959, and 266 million in 1958. This reflects a decrease in the average yield per colony. Imports of 4 million pounds during 1960 are expected to be at about the same level as in 1958 and 1959. With a lower carry-in for the 1960 marketing year, total supplies of 311 million pounds are indicated, compared with 325 million pounds estimated for the 1959 marketing year and 334 million pounds in the 1958 marketing year.

Utilization: Exports of 15 million pounds estimated for each of the 1959 and 1960 marketing years compared with 22.4 million pounds in 1958. Domestic consumption in 1960 is expected to be 225 million pounds compared with the 241 million pounds estimated for 1959 and 239 million pounds actually used in 1958.

Price support activity: No marketing difficulty is foreseen for the 1960 marketing year due to the decreased supplies. However, it is estimated that price support will be extended on 5 million pounds of honey in each of the fiscal years 1960 and 1961 (2% of production) compared with 17 million pounds for fiscal year 1959 (6.6% of production).

Acquisitions in the fiscal year 1961 are estimated at 700,000 pounds compared with 2.5 million pounds anticipated during the fiscal year 1960 and only 227,000 pounds actually acquired in the fiscal year 1959. Honey acquired will be transferred to Section 32 for distribution to school lunch programs and other eligible outlets.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Milk and Butterfat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the general level of prices to producers of milk and butterfat and the products of such commodities from April 1, 1959, to March 31, 1960, as required by law. *

Eligibility: Eligible dairy products must be produced and located in the Continental United States and must be in units of not less than tariff minimum carlots for the area where the products are located. The following products are eligible at maximum rates indicated.

Purchase Prices (cents a pound)

Butter (bulk)	<u>U. S. Grade A or higher</u>	<u>U. S. Grade B</u>
New York, N. Y., and Jersey City and Newark, N. J.	58.75	56.75
Seattle, Wash., San Francisco, Calif., and Calif.	58.00	56.00
Conn., R. I., Mass., Vt., N. H., and Maine	58.75	56.75
Ariz., N. Mexico, Texas, La., Miss., Ala., Ga., Fla., and S. C.	57.75	55.75

Packaged

American Cheddar Cheese, U. S. Grade A or higher, standard moisture basis	32.75
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In Barrels and Drums In Bags

Nonfat dry milk, U. S. Extra Grade or higher		
Spray	14.25	13.40
Roller	12.25	11.40

Purchases of butter are on a "basing point" method. Purchase prices at designated markets (New York, Seattle, and San Francisco) and in specified States shall not exceed the prices listed above. The purchase price at other points will be at the price of the designated market named by the seller less 80 percent of the lowest published domestic carlot rail freight rate a pound gross weight from the offer point to the designated market.

* A resolution approved January 22, 1960, announced that support prices for the 1959-1960 marketing year of \$3.06 per cwt. for manufacturing milk and 56.6 cents per lb. for butterfat will be continued through the 1960-1961 marketing year. These prices reflect 77% of parity as of December 30, 1959. If 75% of parity as of April 1, 1960 is higher than the foregoing prices, support prices will be computed to reflect 75% of parity as of that date.

The support prices of \$3.06 a cwt. for manufacturing milk testing about 3.9 percent and 56.6 cents a pound for butterfat were carried unchanged into the 1959 marketing year from the previous marketing year. The purchase prices of butter, cheese and nonfat dry milk were continued unchanged. These prices reflect a general level of prices to producers of 77 percent of parity as of April 1, 1959.

Donations under Section 202 of the Agricultural Act of 1949 to the Administrator of Veterans' Affairs, and to the Secretary of the Army, Navy, Air Force, or Coast Guard and cadets and midshipmen at, and other personnel assigned to, the United States Merchant Marine Academy, are authorized for price supported dairy products (including milk), through December 31, 1961. An allowance by CCC is made for surplus fluid milk purchased by the above agencies at rate of \$4.10 a hundredweight.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714e), particularly section 714c thereof; Title II of the Agricultural Act of 1949, as amended (7 U.S.C. 1446a).

BASIS OF ESTIMATE:

Supply: It is estimated that milk production in the 1960-61 marketing year will be 125.8 billion pounds compared with 124.8 billion pounds in 1959-60 and 125.1 billion pounds in 1958-59. Cow numbers decreased to 19.1 million in 1960-61 from 19.4 million in 1959-60 and 19.8 in 1958-59, while production per cow increased to 6,600 pounds in 1960-61 from 6,436 in 1959-60 and 6,325 in 1958-59. Imports in the 1959-60 and 1960-61 marketing years are estimated to remain at the same level as in the 1958-59 marketing year—583 million pounds—providing a total supply of 130.2 billion pounds in 1960-61 compared with 129.5 and 131.6 billion pounds in 1959-60 and 1958-59 marketing years, respectively.

Utilization: Because of the decline in Government distribution of butter and cheese, total domestic disappearance of milk in all forms will probably be less in 1959-60 than a year earlier but it may increase slightly in 1960-61, from 124.8 billion pounds to 125.5 billion pounds. Exports are projected as declining to .9 billion pounds milk equivalent in each of the marketing years 1960-61 and 1959-60 from 2.1 billion pounds in 1958-59 mainly because no cheese is likely to be donated for foreign welfare use in these two years. The resulting carry-out is 3.8 billion pounds in 1960-61 and 1959-60 marketing years, compared with 4.1 billion pounds in 1958-59.

Price support activity: It is estimated that price support will be extended on .8 percent of the 1960-61 marketing year production. Butter and cheese purchases are estimated at 2.0 billion pounds milk equivalent in fiscal year 1961 and 1.4 billion in fiscal year 1960 compared with actual purchases of 3.3 billion pounds in fiscal year 1959. The upturn of purchases projected for fiscal year 1961 may result from an increase in the annual rate of milk production during April-June 1961. Purchases of nonfat dry milk are projected at 700 million pounds in fiscal years 1960 and 1961.

It is estimated that 30 million pounds of butter, 57.5 million pounds of cheese, and 192 million pounds of nonfat dry milk will be sold in fiscal year 1961, with all butter and 35 million pounds of cheese sold on the domestic market and all nonfat dry milk sold on the export market. Estimated donations in fiscal year 1961 under Section 202 of the Agricultural Act of 1949 include 2.5 million pounds of cheese, 565 million pounds of fluid milk, and .1 million pounds of nonfat dry milk. Other donations in fiscal year 1961 include 333 million pounds of nonfat dry milk exported and 174 million pounds donated domestically under Section 416 of the Agricultural Act of 1949, and .9 million pounds donated to penal institutions under Section 210 of the Agricultural Act of 1956.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Oats

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1959-crop oats at a level that is fair and reasonable in relation to the level of support for corn.

Eligibility: Oats are eligible for price support when produced in Continental United States in 1959 grading No. 3 or better, or grading No. 4 on the factor of test weight or because of being "Badly Stained or Materially Weathered," but otherwise No. 3 or better under the Revised Official Grain Standards of the United States for oats effective June 1, 1959. Oats meeting the above eligibility requirements which grade garlicky **are also** eligible. Oats that cannot be safely stored on the farm are not eligible for farm-storage loan. Oats produced on federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible.

Eligible participants are producers of 1959-crop oats, who are in compliance with any regulations prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans were available from the time the crop was harvested, about May 15, 1959 through January 31, 1960, and will mature on April 30, 1960 (except that an earlier maturity date may be established for any State by the President or Executive Vice President of CCC), or earlier on demand. The national average support price is 50 cents per bushel, which is 60 percent of February 1, 1959 parity price for all oats. Loans were obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans will be made on a note-and-chattel mortgage basis for farm-stored oats and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored oats.

Purchase agreements were offered to producers from harvest through January 31, 1960. A producer desiring to deliver oats to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer is **not** obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Resealing: Reseal loans on 1958-crop oats in farm storage under loan, or purchase agreements to be converted to loans, and extended reseal loans on 1957 and 1956 crops, were available in designated areas where there was a shortage of storage space. A reseal program has not been announced for 1959 and 1960 crops, but if circumstances warrant resealing of oats, such programs will be authorized at the proper time. For this analysis it is assumed that resealing will be in effect for both

crops. Eligibility requirements necessary to place the respective crops under reseal will apply. Such extended loans will mature on the applicable maturity dates, and producers will be paid storage for the reseal period. Purchase agreements may be converted to loans for reseal purposes.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles II and IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1441 note, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U.S.C. 1813, 1860).

BASIS OF ESTIMATE:

Supply: Assuming (1) a 1960 crop harvested from 29.5 million acres and (2) a yield per acre of 39.0 bushels, a production of 1.150 billion bushels of oats is expected, 76 million bushels more than the 1.074 billion bushels currently indicated for the 28.5 million harvested acres for the 1959 crop at 37.7 bushels per acre. The 1958 crop production of 1.416 billion bushels was from 31.8 million acres at a yield of 44.5 bushels per acre. With a carry-in of 200 million bushels and 25 million bushels of imports, a total supply of 1.375 billion bushels is estimated for the 1960-crop year compared with 1.458 billion bushels indicated for 1959 and 1.744 billion bushels available in the 1958 crop year.

Utilization: Domestic use in the 1960-crop year is estimated at 1.160 billion bushels compared with 1.228 billion in 1959 and 1.343 billion in 1958. Exports in the 1960-crop year are estimated at 15 million bushels compared with 30 million bushels in 1959 and 32 million bushels in 1958. The carry-out at the end of each of the 1959 and 1960-crop years is 200 million bushels compared with 369 million bushels in 1958.

Price support activity: Should price support extended on the 1960 crop equal 3.4 percent of the production--as is currently estimated--it is expected that price support will be obtained on 39.3 million bushels, compared with 34.5 million bushels anticipated for the 1959 crop (3.2%) and actual price support extended on the 1958 crop of 84.6 million bushels (6%).

Acquisitions during fiscal year 1961 are estimated at 19.5 million bushels, compared with 37.1 million bushels anticipated for fiscal year 1960, and actual acquisitions in fiscal year 1959 of 30.8 million bushels. Sales activity during fiscal year 1961 is estimated to total 22.7 million bushels, compared with 48.7 million bushels anticipated for fiscal year 1960, and actual sales in fiscal year 1959 of 13.6 million bushels. Such sales include payment-in-kind deliveries under the feed-grains and rice export programs.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Rye

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1959-crop rye at a level that is fair and reasonable in relation to the level of support for corn.

Eligibility: Rye is eligible for price support when it is produced in Continental United States in 1959 grading No. 2 or better, or grading No. 3 on the factor of test weight only, containing not more than 1 percent ergot. Rye that cannot be safely stored on the farm is not eligible for farm-storage loan. Rye produced on federally owned land in violation of restrictive leases, or on newly irrigated, drained or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible.

Eligible participants are producers of 1959-crop rye, who are in compliance with any regulations prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans were available from the time the crop is harvested, about May 15, 1959 through January 31, 1960, and will mature on April 30, 1960 (except that an earlier maturity date may be established for any State by the President or Executive Vice President of CCC), or earlier on demand. The national average support price is 90 cents per bushel, which is 60 percent of February 1, 1959 parity price for all rye. Loans were obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans were made on a note-and-chattel mortgage basis for farm-stored rye, and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored rye.

Purchase agreements were offered to producers from harvest through January 31, 1960. A producer desiring to deliver rye to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Rescaling: Reseal loans on 1958-crop rye in farm storage under loan, or purchase agreements to be converted to loans, were available in designated areas where there was a shortage of storage space. A reseal program has not been announced for 1959 and 1960 crops, but if circumstances warrant resealing of rye, such programs will be authorized at the proper time. For this analysis it is assumed that resealing will be in effect for both crops. Eligibility requirements necessary to place the respective crops under reseal will apply. Such extended loans will mature on the applicable maturity dates, and producers will be paid storage for the reseal period. Purchase agreements may be converted to loans for reseal purposes.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 711-711o), particularly section 711c thereof; Titles III and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1441 note, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

BASIS OF ESTIMATE:

Supply: Assuming (1) a 1960-crop harvested from 1,685,000 acres and (2) a yield per acre of 16.5 bushels, a production of 27.8 million bushels of rye is expected, 6.3 million bushels more than the 21.5 mil. bu. indicated for the 1,428,000 harvested acres for the 1959 crop at 15.1 bushels per acre. The 1958-crop production of 32.2 million bushels was from 1,773,000 acres at a yield of 18.2 bushels per acre. With a carry-in of 10 million bushels and 2.4 million bushels of imports, a total supply of 40.2 million bushels is estimated for the 1960-crop year compared with 38.5 million bushels indicated for 1959 and 45.2 million bushels available in the 1958 crop year.

Utilization: Domestic use in the 1960 crop year is estimated at 24.2 million bushels compared with 23.5 million in 1959 and 24.1 million in 1958. Exports are estimated at 5 million bushels for each of the 1959 and 1960 crop years, compared with 8.5 million in 1958. The carry-out at the end of the 1960 crop year is 11 million bushels compared with 10 million bushels in 1959 and 12.7 million bushels in 1958.

Price support activity: Should price support extended on the 1960 crop equal 23.4 percent of the production, as is currently estimated, it is expected that price support will be obtained on 6.5 million bushels during the fiscal year 1961, compared with 2.3 million bushels anticipated for the 1959 crop in fiscal year 1960 (10.7%) price support extended on the 1958 crop in fiscal year 1959 on 10.1 million bushels (31.5%).

Acquisitions during fiscal year 1961 are estimated at 4.3 million bushels, compared with 3.2 million bushels anticipated for fiscal year 1960, and actual acquisitions in fiscal year 1959 of 6.1 million bushels. Sales activity during fiscal year 1961 is estimated to total 3.0 million bushels, compared with 5.4 million bushels anticipated for fiscal year 1960, and actual sales in fiscal year 1959 of 5.6 million bushels. Such sales include payment-in-kind deliveries under the feed-grains and rice export programs.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Sorghums, Grain

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1959-crop grain sorghums at a level that is fair and reasonable in relation to the level of support for corn.

Eligibility: Grain sorghums are eligible for price support when produced in Continental United States in 1959 grading No. 4 or better, or No. 4 "Smutty" or better, or No. 4 "Discolored" or better, and containing not more than 13 percent moisture. Grain sorghums that cannot be safely stored on the farm are not eligible for farm-storage loan. Grain sorghums produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, is not eligible.

Eligible participants are producers of 1959-crop grain sorghums, who are in compliance with any regulations prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans were available from the time the crop is harvested, about April 1, 1959 through January 31, 1960, and will mature on March 31, 1960 (except that an earlier maturity date may be established for any State by the President or Executive Vice President of CCC), or earlier on demand. The national average support price is \$1.52 per hundredweight (85 cents per bushel), which is 60 percent of February 1, 1959 parity price for all grain sorghums. Loans were obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans were on a note-and-chattel mortgage basis for farm-stored grain sorghums, and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored grain sorghums.

Purchase agreements were offered to producers from harvest through January 31, 1960. A producer desiring to deliver grain sorghums to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered.

Rescaling: Reseal loans on 1958-crop grain sorghums in farm storage under loan, or purchase agreements to be converted to loans, and extended reseal loans on 1957 crop were available in designated areas where there was a shortage of storage space. A reseal program has not been announced for 1959 and 1960 crops, but if circumstances warrant resealing of grain sorghums, such programs will be authorized at the proper time. For this analysis it is assumed that resealing will be in effect for both crops. Eligibility requirements necessary to place the respective crops under reseal will apply. Such extended loans will mature on the applicable maturity dates, and producers will be paid storage for the reseal period. Purchase agreements may be converted to loans for reseal purposes.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 711-7114), particularly section 711c thereof; Titles III and IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1441 note, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U.S.C. 1813, 1860).

BASIS OF ESTIMATE:

Supply: Assuming (1) a 1960-crop harvested from 16.0 million acres and (2) a yield of 33.8 bushels per acre, a production of 540 million bushels of grain sorghums is expected, 39.2 million bushels less than the 579.2 million bushels currently indicated for the 15.6 million harvested acres for the 1959 crop at 37.2 bushels per acre. The 1958-crop production of 610.4 million bushels was from 16.7 million acres at a yield of 36.6 bushels per acre. A carry-in of 550 million bushels will provide a total supply of 1.090 billion bushels for the 1960-crop year compared with 1.081 billion bushels for 1959 and 920 million bushels for 1958.

Utilization: Domestic use in the 1960-crop year is estimated at 440 million bushels compared with 421 million bushels in 1959 and 318 million bushels in 1958. Exports in the 1960-crop year are estimated at 100 million bushels compared with 110 million bushels in 1959 and 99.8 million bushels in 1958. The carry-out at the end of each of the 1960 and 1961 crop years is 550 million bushels compared with 501 million bushels in 1958.

Price support activity: Should price support extended on the 1960 crop equal 24.0 percent of the production—as is currently estimated—it is expected that price support will be obtained on 129.5 million bushels during fiscal year 1961, compared with 169.5 million bushels anticipated for the 1959 crop (29.3%), and actual price support extended on the 1958 crop of 276.0 million bushels (45.2%).

Acquisitions during fiscal year 1961 are estimated at 71.4 million bushels, compared with 130.8 million bushels anticipated for fiscal year 1960, and actual acquisitions in fiscal year 1959 of 244.4 million bushels. Sales activity during fiscal year 1961 is estimated to total 72.0 million bushels, compared with 79.0 million bushels anticipated for fiscal year 1960, and actual sales in fiscal year 1959 of 55.7 million bushels. Such sales include payment-in-kind deliveries under the feed-grain and rice export programs.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Tung Nuts and Oil

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1959-crop tung nuts at not more than 90 percent nor less than 60 percent of parity as required by law.

Eligibility: Producers of 1959-crop tung nuts. Tung nuts must be matured, air dried with hard hulls and suitable for milling. Tung oil must meet Federal specifications.

Operations: Purchase agreements were available on eligible tung nuts from November 1, 1959 through January 31, 1960. The support level is \$53.50 per ton (20.9¢ per lb.), basis 18.5 percent oil content (65% of parity as of November 1, 1959, the beginning of the marketing year). The producer may deliver tung nuts or tung oil at his option, so long as the quantity does not exceed the maximum amount of tung nuts, or tung oil equivalent, specified in the purchase agreement. Notice of intention to deliver tung nuts must be made known by producers within a 30-day period ending March 31, 1960, and to deliver tung oil within a 30-day period ending October 31, 1960. Direct purchases of tung nuts and tung oil may be authorized if such purchases are deemed necessary.

Nonrecourse loans and purchase agreements on eligible tung oil are available from November 1, 1959 through June 30, 1960, maturing October 31, 1960, or earlier on demand. The loan and purchase agreement rate is determined on the basis of a formula involving the support level of tung nuts and the milling fee and oil outturn per ton of nuts. Loans are made on a note-and-loan agreement basis with a warehouse receipt constituting the security. Loans may be obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714c), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1446, 1421-1431).

BASIS OF ESTIMATE:

Supply: It is estimated that tung nut production from the 1959 and 1960 crops will be 130 thousand tons, which will result in 40 million pounds of oil. This compares with a 1958 crop of 143 thousand tons of nuts with an oil production of 44.8 million pounds. A carry-in of 39.7 million pounds of oil and imports of 26 million pounds (dependent upon a continuation or reinstitution of the present annual quota limitation) will provide a total supply of 105.7 million pounds of tung oil for the 1960 marketing year compared with 106.7 and 107.7 million pounds for the 1959 and 1958 marketing years, respectively.

Utilization: The estimated domestic consumption for both the 1959 and 1960 marketing years is 45 million pounds or 5 million pounds more than the estimated production. In the 1958 marketing year the domestic consumption, also 45 million pounds, was .2 million pounds higher than the production. Section 201(b) of the Agricultural Act of 1949, as amended, provides that tung nuts shall be supported at not less than 65 percent of parity in any year in which domestic production of tung oil will be less than the anticipated demand for oil. Exports of 22 million pounds are anticipated in 1959 and 1960, and exports for the 1958 marketing year also totaled 22 million pounds. The resulting carry-out is 38.7 million pounds in 1960, 39.7 million pounds in 1959, and 40.7 million pounds in 1958.

Price support activity: Should price support extended on tung oil from the 1960 crop equal 62.5% of the production—as is currently estimated—it is expected that price support will be obtained on 25 million pounds during fiscal year 1961, compared with 27 million pounds estimated in fiscal year 1960 (67.5%) and actual price support extended in fiscal year 1959 of 33.9 million pounds (75.6%).

Acquisitions of about 23 million pounds tung oil will occur during each of the fiscal years 1960 and 1961 compared with actual acquisitions in fiscal year 1959 of 14 million pounds.

Sales of oil from CCC stocks are estimated at 22.3 million pounds in fiscal year 1961, compared with 21.5 million pounds anticipated during fiscal year 1960 and 14.3 million pounds actually sold during fiscal year 1959.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Beans, Dry, Edible

SUMMARY OF LATEST OPERATIONS:

Objective: To support 1959-crop dry edible beans at a level intended to encourage movement of bean stocks into domestic and export channels and at the same time discourage overplanting.

Eligibility: Dry edible beans (hereinafter referred to as "beans") are eligible for price support for the classes: Pea and medium white, Great Northern, small white, flat small white, pink, small red, pinto, red kidney, large lima, and baby lima, when produced in the United States in 1959, grading No. 2 or better and containing not in excess of 18 percent moisture; which after deduction of foreign material contain not more than 8 percent of other defects, as these terms are defined in the United States Standards for Beans. Beans that cannot be safely stored on the farm are not eligible for farm-storage loan. Beans produced on federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, are not eligible.

Eligible participants are producers or cooperative marketing associations of producers of 1959-crop beans who are in compliance with any regulations prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans were available from the time the crop is harvested about August 15, 1959 through January 31, 1960, and will mature on February 29, 1960, in the case of beans stored in the States of Michigan, Pennsylvania, and New York; and on April 30, 1960, in all other States. The national average price is \$5.35 per 100 pounds or 60 percent of the February 1, 1959, parity price for all beans. Loans were obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans were made on a note-and-chattel mortgage basis for farm-stored beans and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored beans.

Purchase agreements were offered to producers from harvest through January 31, 1960. A producer who elects to deliver beans to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o) particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1447-1449, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

BASIS OF ESTIMATE:

Supply: Assuming (1) a 1960 crop harvested of 1,500,000 acres and (2) a yield of 12.00 cwt. per acre, a production of 18 million cwt. is estimated, about the same as currently indicated for the 1,477,000 harvested acres for the 1959 crop at 12.33 cwt. per acre. The 1958-crop production 19.2 million cwt. was from 1,611,000 acres at a yield of 11.90 cwt. per acre. A carry-in of 926,000 cwt. and imports of 150,000 cwt. will provide a total supply of 19.1 million cwt. for the 1960 crop year compared with 19.4 and 19.9 million cwt. for the 1959 and 1958 crops, respectively.

Utilization: Domestic use in 1960 crop year is estimated at 15.3 million cwt. compared with 14.9 million cwt. in crop years 1958 and 1959. Exports are anticipated at 3.0 million cwt. in 1960 compared with the 3.5 million cwt. indicated in the 1959 crop year and actual exports of 4.0 million cwt. in 1958 crop year. The resulting carry-out is 776,000 cwt. in 1960 crop year, 926,000 cwt. in the 1959 crop year, and 991,000 cwt. in the 1958 crop year.

Price support activity: Should price support extended on the 1960 crop equal 20.8 percent of the production—as is currently estimated—it is expected that price support will be obtained on 3.8 million cwt. during fiscal year 1961 compared with 3.9 million cwt. anticipated for the 1959 crop (21.4%) and actual price support extended on the 1958 crop of 3.5 million cwt. (18.3%).

Acquisitions during fiscal year 1961 are estimated at 1.6 million cwt. compared with 2.1 million cwt. anticipated for fiscal year 1960, and actual acquisitions in fiscal year 1959 of .6 million cwt.

Sales activity during fiscal year 1961 is estimated to total 1.3 million cwt. compared with 1.5 million cwt. anticipated for fiscal year 1960, and actual sales in fiscal year 1959 of .1 million cwt.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Cottonseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1959-crop cottonseed to eligible producers at such level as to cause competition on equal terms on the market with soybeans.

Eligibility: Eligible commodity is cottonseed containing not more than 11 percent moisture produced in the United States in 1959 by an eligible producer. Moisture content is not applicable to purchases. Purchases of oil will be made only from crushers who by contractual agreement with CCC agree to buy certain cottonseed from CCC or participating ginner.)

Eligible participants are:

- (1) Producers of 1959-crop cottonseed as individuals, partnerships, corporations, associations or other legal entity.
- (2) Participating ginner (those filing notice with County Committee of intention to participate in program).

Operations: Loans: Farm-storage nonrecourse loans were made through January 31, 1960, maturing March 1, 1960, or earlier on demand, at \$38.00 a ton for basis grade (100), about 57 percent of February 1959 parity. Loans were obtained direct from CCC through Agricultural Stabilization and Conservation County Committees. Loans were on a note-and-chattel mortgage basis for cottonseed stored in approved structures (on or off farm) provided no warehouse receipts are outstanding.

Purchases: CCC will issue an open offer to purchase cottonseed from producers and participating ginner through February 29, 1960. The purchase rate to producers will be \$34.00 a ton for basis grade (100) cottonseed, f.o.b. gin, and to producers \$38.00 a ton (differential for purchases from ginner reflects normal handling costs). Ginner must agree to pay eligible producers not less than the support price. CCC is also authorized to purchase cottonseed oil from crushers, on a competitive bid basis, provided crushers agree to purchase cottonseed from CCC and/or participating ginner, in order that producers and participating ginner may receive the prices provided under the program.

In order that cottonseed and soybeans compete on an equal basis on the market in accordance with existing legislation, the support level for cottonseed was set at 57% of effective parity for the 1959 marketing year.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 711-711o), particularly section 711c thereof; Titles II, III and IV of the Agricultural Act of 1949 as amended (7 U. S. C. 1116d, 1117-1119, 1121-1131) and Public Law 86-341 approved September 21, 1959.

BASIS OF ESTIMATE:

The production of cottonseed during the 1960 marketing year is estimated at 6,021,000 tons compared with 6,095,000 tons currently estimated for the 1959 marketing year and an actual production of 4,798,000 tons during 1958. These estimates are in line with the national acreage allotments

Cottonseed. It is assumed that prices for cottonseed during the 1959 and 1960 marketing years will generally remain above the price support level and only a nominal amount of cottonseed will be placed under loan. It is also expected that all cottonseed will be redeemed within the same fiscal year. During the fiscal year 1959 it became necessary to purchase 530,763 tons. No such purchases are anticipated in the fiscal years 1960 and 1961.

Cottonseed oil. To provide support in areas where market prices fall below support levels, direct purchases of 117.1 million pounds of crude cottonseed oil were made in the fiscal year 1959, as well as 57.2 million pounds of refined oil. All cottonseed oil so acquired was sold mostly through export channels. No similar purchases are contemplated in the fiscal years 1960 and 1961.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Flaxseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1959-crop flaxseed.

Eligibility: Flaxseed is eligible for price support when it is produced in Continental United States in 1959, grading No. 2 or better. Flaxseed that cannot be safely stored on the farm is not eligible for farm-storage loan. Flaxseed produced on federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, is not eligible.

Eligible participants are producers of 1959-crop flaxseed, who are in compliance with any regulations prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans were available from the time the crop is harvested, about April 1, 1959 through October 31, 1959 in Arizona and California, and through January 31, 1960, in all other States. Loans will mature on January 31, 1960, or earlier on demand in Arizona and California and on March 31, 1960, in all other States. The national average support price grading No. 1 is \$2.38 per bushel, which is 60 percent of February 1, 1959, parity price for all flaxseed. Premiums and discounts for quality differences apply. Loans were obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans were made on a note-and-chattel mortgage basis for farm-stored flaxseed, and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored flaxseed.

Purchase agreements were offered to producers from harvest through January 31, 1960. A producer desiring to deliver flaxseed to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Rescaling: Rescal loans on 1958-crop flaxseed in farm storage under loan, or purchase agreements to be converted to loans, were available in designated areas where there was a shortage of storage space.

A rescal program has not been announced for 1959 and 1960 crops, but if circumstances warrant rescaling of flaxseed, such programs will be authorized at the proper time. For this analysis it is assumed that rescaling will be in effect for both crops. Eligibility requirements necessary to place the respective crops under rescal will apply. Such extended loans will mature on the applicable maturity dates, and producers will be paid storage for the rescal period.

Direct purchases were authorized from harvest through July 31, 1959, in designated Texas counties where flaxseed produced contains excess moisture and cannot be stored without deterioration.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 7114-7114o), particularly section 7114c thereof; and Titles III and IV of the Agricultural Act of 1949 as amended (7 U.S.C. 1447-1449, 1421-1431).

BASIS OF ESTIMATE:

Flaxseed

Supply: Assuming (1) a 1960-crop harvested of 4,300,000 acres and (2) a yield of 8.4 bushels per acre, a production of 36 million bushels is estimated, 13 million bushels more than the 23 million bushels currently indicated for the 3,132,000 harvested acres for the 1959 crop at 7.3 bushels per acre. The 1958-crop production of 38.6 million bushels was from 3,789,000 acres at a yield of 10.2 bushels per acre. A carry-in of 5 million bushels will provide a total supply of 41 million bushels for the 1960 crop year compared with 37.5 and 47.3 million bushels for the 1959 and 1958 crops, respectively.

Utilization: Domestic use in 1960 crop year is estimated at 25 million bushels compared with 24.5 million bushels in crop year 1959 and 26.5 million bushels in crop year 1958. Exports are anticipated at 5 million bushels in 1960 crop year, with 8 million bushels indicated in 1959 crop year and actual exports of 6 million bushels in 1958 crop year. The resulting carry-out is 11 million bushels in 1960 crop year, 5 million bushels in 1959 crop year, and 14.8 million bushels in 1958 crop year.

Price support activity: Should price support extended on the 1960 crop equal 27.1 percent of the production--as is currently estimated--it is expected that price support will be obtained on 9.7 million bushels during the fiscal year 1961, compared with 2.0 million bushels anticipated for the 1959 crop (8.8%) and actual price support extended on the 1958 crop in fiscal year 1959 of 15.1 million bushels (39.3%).

Acquisitions during fiscal year 1961 are estimated at 5.3 million bushels, compared with .8 million bushels anticipated for fiscal year 1960, and actual acquisitions in fiscal year 1959 of 12.1 million bushels.

Sales activity during fiscal year 1961 is estimated to total 3.0 million bushels, compared with 7.7 million bushels anticipated for fiscal year 1960, and actual sales in fiscal year 1959 of 8.4 million bushels.

Linseed oil

No toll-crushing program is anticipated for the 1959 and 1960 crops since it is estimated that stocks will be at a minimum and prices will be favorable. Acquisitions of 11 million pounds of linseed oil in fiscal year 1959 and 45 million pounds in 1960 and the disposition of the entire 56 million pounds in 1960 apply to the outturn of toll-crushing of 2,780,000 bushels of 1958-crop flaxseed from CCC stocks.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Naval Stores

SUMMARY OF LATEST OPERATIONS:

Objective: To help maintain adequate supplies and facilitate the orderly distribution of gum naval stores produced in the United States by supporting the level of prices to producers.

Eligibility: Eligible naval stores include (1) processed turpentine meeting prescribed specifications and stored in approved bulk tanks, (2) processed rosin, Federally graded X through K, packed in specified metal drums and placed in approved storage, and (3) the turpentine and rosin content of crude gum stored at processing plants adequately equipped with crude gum storage facilities. Producers may pledge the turpentine and rosin content of stored crude gum, the warehouseman being obligated to process the gum within specified time limits and deliver processed turpentine and rosin equal to or better than the grades and weights on which the loan is based.

Eligible borrowers are producers who are members of the American Turpentine Farmers' Association Cooperative of Valdosta, Georgia, CCC's borrower, and who cooperate in the Department's 1959 Gum Naval Stores Conservation Program, or otherwise follow good forestry conservation practices as determined by the Association on the basis of standards established by State and Federal Forest services.

Operations: Loans are governed by an agreement between CCC and the producer association borrower representing the great bulk of domestic gum production. Loans were available to eligible producers throughout the producing area during, and on production harvested in, the calendar year 1959 and mature July 1, 1960 or earlier on demand. The support rate of a standard barrel of gum processed basis (135 lbs. net) is \$28.98, which reflects about 89% of the crude gum parity price, unprocessed basis, as of March 1959. Initial loan rates are 50 cents a bulk gallon of turpentine and \$7.97 acwt. of gum rosin, basis Grade WG with a premium of 15 cents for Grades X and WW, and a discount of 25 cents for Grades N, M, and K. Producers were required to execute an agreement with the Association containing the terms and conditions upon which the loan is made. The Association enters into agreements with warehousemen and assigns such agreements to CCC. Payment of the loan proceeds to the producer is effected by the warehouseman (acting as agent of the Association) making request therefor upon CCC through the Association. Such payments are made by check directly to producers or their designees by the Atlanta Federal Reserve Bank.

Authority: Commodity Credit Corporation Charter Act (15 U. S. C. 7114) and the Agricultural Act of 1949 (7 U. S. C. 1447).

BASIS OF ESTIMATE:

Rosin

Supply: Production of all types of rosin during the crop years beginning April 1, 1959 and 1960 is estimated at 1,850,000 and 1,810,000 drums, respectively. This compares with 1,857,000 drums produced in the crop year beginning April 1, 1958. Together with actual carry-in stocks approximating 641,000 drums (and small imports of Mexican rosin), this production will provide a total available supply during the crop year beginning April 1, 1959 of about 2,492,000 drums. This is about 1% less than the supply for the previous year. Supplies for the crop year beginning April 1, 1960, are expected to be slightly less than the previous year, thus continuing the downward trend in supply which has been in progress since 1954. This trend reflects continuing reduction in CCC and free stocks and lower output of steam distilled wood rosin.

Utilization: During the crop year 1960, domestic disappearance and exports are expected to aggregate 2,100,000 drums compared with total utilization of 2,203,000 drums in 1959 and 1,886,000 drums in 1958.

Price support activity: Since rosin prices are expected to exceed the loan rates in the 1959 and 1960 crop years, producers are expected to use the programs during this period as mediums for carrying their output from the flush to the slack production season in the hope of increasing net returns from their crude pine gum. It is estimated that loans will be made on 75,000 drums in the fiscal year 1961 compared with about 30,000 drums pledged in the fiscal year 1960 and only 15,778 drums in the fiscal year 1959. Sales are estimated at 130,000 drums in the fiscal year 1961 compared with 304,000 drums anticipated in the fiscal year 1960 and 79,112 drums actually sold in the fiscal year 1959. It is anticipated that CCC stocks will decline from 434,000 drums on June 30, 1959 to less than 130,000 drums a year later. By the end of the fiscal year 1961 all CCC stocks will have been sold.

Turpentine

Supply: During the crop years beginning April 1, 1959 and 1960, production of all types of turpentine is estimated at 30,950,000 gallons (619,000 barrels of 50 gallons each) and 31,000,000 gallons (620,000 barrels), respectively. These estimates of turpentine output approximate 2% more than production during the crop year beginning April 1, 1958. The 1959 production, together with carry-in stocks of 6,695,000 gallons (133,900 barrels) and imports from Mexico of 1,000,000 gallons (20,000 barrels) during the crop year beginning April 1, 1959 is about 1% or 430,000 gallons (8,600 barrels) less than the actual supply during the previous year. The supply during the crop year beginning April 1, 1960, probably will be about the same as the estimate for 1959.

Utilization: Little change, possibly a slight increase, is likely in domestic consumption during the crop years beginning April 1, 1959 and 1960, as compared with 1958. The decline in requirements for on-the-job thinning of oil base paints because of increased use of competitive paint thinners and water based paints should be fully offset by increased industrial utilization. Exports are expected to be 12% lower during the crop years beginning April 1, 1959 and 1960 as compared with 1958.

Price support activity: Since turpentine prices are estimated to average above the loan rate in the 1959 and 1960 crop years, producers are expected to use the program as a medium for carrying their output from the high to the low production months. It is estimated that loans will be made on 750,000 gallons in the fiscal year 1961 compared with 231,000 gallons in the fiscal year 1960 and 165,405 gallons in the fiscal year 1959. All loans are expected to be redeemed. All CCC gum turpentine stocks were sold during the 1959 fiscal year and no new accumulations are expected in the fiscal years 1960 and 1961.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Soybeans

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1959-crop soybeans at such level as to cause competition on equal terms on the market with cottonseed.

Eligibility: Soybeans are eligible for price support when produced in Continental United States in 1959, grade No. 4 or better, have a moisture content not in excess of 14 percent, and meet sanitation requirements of the Food and Drug Administration. Soybeans that grade Garlicky or Weevily, or soybeans that cannot be safely stored on the farm are not eligible for farm-storage loan. Soybeans produced on federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956 are not eligible.

Eligible participants are producers of 1959-crop soybeans who are in compliance with any regulations prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans were available from the time the crop is harvested, about May 15, 1959 through January 31, 1960, and will mature on May 31, 1960 (except that an earlier maturity date may be established for any State by the President or Executive Vice President of CCC), or earlier on demand. The national average support price is \$1.85 per bushel, which is 64 percent of February 1, 1959 parity price for all soybeans. Loans were obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans were made on a note-and-chattel mortgage basis for farm-stored soybeans and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored soybeans.

Purchase agreements were offered to producers from harvest through January 31, 1960. A producer desiring to deliver soybeans to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Resealing: Reseal loans on 1958-crop soybeans in farm storage under loan, or purchase agreements to be converted to loans, were available in designated areas where there was a shortage of storage space.

A reseal program has not been announced for 1959 and 1960 crops, but if circumstances warrant resealing of soybeans, such programs will be authorized at the proper time. For this analysis it is assumed that resealing will be in effect for both crops. Eligibility requirements necessary to place the respective crops under reseal will apply. Such extended loans will mature on the applicable maturity dates, and producers will be paid storage for the reseal period.

Purchase agreements may be converted to loans for resale purposes.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles II, III and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1446d, 1447-1449, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

BASIS OF ESTIMATE:

Supply: Assuming (1) a 1960-crop harvested of 23.4 million acres and (2) a yield of 23.5 bushels per acre, a production of 550 million bushels is estimated, 12.1 million bushels more than the 537.9 mil. bu. indicated for the 22.4 million harvested acres for the 1959 crop at 24.0 bushels per acre. The 1958-crop production of 579.7 million bushels was from 23.9 million acres at a yield of 24.3 bushels per acre. A carry-in of 44 million bushels will provide a total supply of 594 million bushels for the 1960 crop year, compared with 600.2 and 600.8 million bushels for the 1959 and 1958 crops, respectively.

Utilization: Domestic use in 1960 crop year is estimated at 431.0 million bushels compared with 431.2 million bushels in crop year 1959 and 428.4 million bushels in crop year 1958. Exports are anticipated at 125 million bushels in 1959 and 1960 crop years, with actual exports of 110.1 million bushels in 1958 crop year. The resulting carry-out is 38 million bushels in 1960 crop year, 44 million bushels in 1959 crop year, and 62.3 million bushels in 1958 crop year.

Price support activity: Should price support extended on the 1960 crop equal 19.0 percent of the production—as is currently estimated—it is expected that price support will be obtained on 104.5 million bushels during the fiscal year 1961, compared with 85.0 million bushels anticipated for the 1959 crop (15.8%) and actual price support extended on the 1958 crop 140.3 million bushels (24.2%).

Acquisitions during fiscal year 1961 are estimated at 10.8 million bushels, compared with 17.8 million bushels anticipated for fiscal year 1960, and actual acquisitions in fiscal year 1959 of 74.0 million bushels.

Sales activity during fiscal year 1961 is estimated to total 23.7 million bushels, compared with 56.7 million bushels anticipated for fiscal year 1960, and actual sales in fiscal year 1959 of 50.3 million bushels.

PRICE SUPPORT PROGRAM, Barter and Exchange

SUMMARY OF LATEST OPERATIONS:

Objective: To dispose of CCC-owned agricultural commodities by means of barter or exchanges for (1) strategic and critical materials intended for incorporation into the national stockpile and for the supplemental stockpile; (2) strategic and nonstrategic materials required for supply programs of other Government agencies; (3) materials required for offshore construction programs; and (4) construction of military housing.

Eligibility: Materials designated as strategic and critical must have been so designated by the Office of Civil and Defense Mobilization or its predecessor, pursuant to Sec. 2 of the Strategic and Critical Materials Stockpiling Act of 1946 (Public Law 520, 79th Congress) and must have been produced abroad. Nonstrategic materials acquired are those which other Government agencies require to meet supply and construction program commitments. Such agencies must have designated the kind, quality, schedule of delivery and other conditions involved in the procurement and these agencies, or their Government procurement agent, must have agreed to accept the materials. Strategic materials procured by the Commodity Credit Corporation will be those types of materials designated by OCDM as required to meet short, long term, or supplemental stockpile objectives or requirements of other Government agencies and be such that the domestic economy will not be adversely affected by the acquisition and such that CCC's assets will be protected and result in savings in carrying charges as compared with cost of carrying surplus agricultural commodities. (Public Law 480, Sec. 303.)

Operations: It has been the policy of the CCC to limit consideration of barter offers to those materials required and/or designated by other Government agencies. Consequently, the acquisition of strategic and critical materials has been within OCDM's stockpile objectives both as to types and quantities. Barter procurement of nonstrategic materials has been effected against specific requirements of such materials by other Government agencies primarily for offshore use. Strategic materials are transferred to (1) the national stockpile for which the Corporation is reimbursed with appropriated funds, and (2) the supplemental stockpile, for which an appropriation is authorized for funds necessary to reimburse the Corporation. In the case of strategic and nonstrategic materials acquired for other Government agencies, the CCC is reimbursed for the materials procured upon delivery to the agency concerned. Proceeds from the export sale of CCC-owned surplus commodities were used in 1957 by the Department of Defense to construct military housing abroad. The Corporation is reimbursed from appropriations available for the payment of quarters allowances for military personnel and from allotments or rental charges otherwise payable to or collected from personnel occupying the housing. This is further discussed under "Special Activities."

In a particular barter operation, the exchange value of the transaction is fixed in a contract between the offeror of the materials and the CCC. This exchange value determines quantities to be delivered of both the materials and the agricultural commodities which must be subsequently exported by the contractor. Since the price for the material is also fixed in the contract, the quantity of materials to be delivered is determined at this point. The contract price for materials is the best offer received, not to exceed the current market price, accepted only after full consultation with materials experts of either General Services Administration or other agencies.

In the case of the agricultural commodities, however, the contractor may take whatever commodities are available from CCC inventories at export prices generally applicable for such commodities at any time within the life of the contract, total quantities determined by the exchange value fixed in the contract.

The barter program of the Commodity Credit Corporation operates through private U. S. firms using commercial trade channels, but barter can be affected with foreign governments where it is not practicable to carry out the barter through private trade channels.

Authority: The Commodity Credit Corporation Charter Act, as amended; Section 4 (h) insofar as strategic and critical materials are concerned; Section 5 (f) of this Act insofar as other than strategic materials are concerned; Title III of the Agricultural Trade Development and Assistance Act (7 U. S. C. 1692); Title II of the Agricultural Act of 1956 as amended by Sec. 204 of Public Law 86-341 (7 U. S. C. 1704, 1856); and Public Law 161 (5 U. S. C. 171 z-1).

BASIS OF ESTIMATE:

New barter contracts for strategic and other materials for fiscal years 1960 and 1961 are assumed to be for only the supplemental stockpile and on this basis are estimated at \$100 million for each year. It is estimated that materials valued at \$120 million will be delivered in 1961 under current and prior contracts compared with \$174.5 in 1960 and actual deliveries of \$152.1 in 1959, all of which will be for transfer to the supplemental stockpile. The estimate covering accessorial and other costs by the General Services Administration in connection with these materials is \$5.5 million for each fiscal year.

PRICE SUPPORT PROGRAM, Emergency Feed Program

SUMMARY OF LATEST OPERATIONS:

Objective: To provide feed through regular trade channels at reduced prices to distressed farmers and ranchers in designated disaster areas who maintain foundation herds.

Eligibility: Surplus feed grains (corn, grain sorghums, oats and barley), so designated because of extensive CCC holdings.

Recipients are farmers and ranchers of declared disaster areas who meet eligibility standards approved by Agricultural Stabilization and Conservation County Committees or, in certain circumstances, by the Executive Vice President, CCC.

Eligible feed dealers are persons engaged in selling designated surplus feed grains or approved mixed feeds who have signed standard agreements with ASC county offices and who have posted performance bonds.

Operations: Emergency feed is available to eligible farmers and ranchers at a reduced cost of \$1.00 a cwt.

A farmer or rancher in a designated county who desires to participate in the program makes application to his local ASC county committee. The farmer or rancher then gets from the committee a "purchase order" indicating the approved quantity of grain he is eligible to buy under the provisions of the program. He buys from a local feed dealer, in effect using his purchase order to pay part of his bill - \$1.00 on each hundredweight. He buys from stocks the dealer has on hand, and at the prevailing local market prices. When dealers are unwilling or unable to participate in this program, surplus stocks of CCC feed grains are made available through ASC county offices.

The producer obtains the approved quantity of feed grain from his dealer in the form of whole grain or mixed feed. The approved mixed feeds are mixed feed A which must contain at least 75 percent by weight of designated surplus feed grain(s) or mixed feed B which must contain at least 60 percent by weight of designated surplus feed grain(s) either whole or processed. The mixed feed must be appropriately labelled by the manufacturer, and show the percentage of designated surplus feed grains contained therein.

The dealer must certify delivery of the feed grain to the farmer or rancher and the latter must also certify his receipt of the amount specified. With these requirements met, the dealer then receives from the local county ASC Committee a "dealer's certificate" in terms of dollars. The dealer can use the certificate at face value (good for a period of 120 days from date of issuance) to buy CCC-owned surplus feed grains at the prevailing market price from CSS Commodity Offices or ASC county offices. The Executive Vice President, CCC, may limit the grades and locations of feed grains available for redemption of Dealer's certificates.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o); and Sec. 407 of the Agricultural Act of 1949 (7 U.S.C. 1427).

BASIS OF ESTIMATE:

Because of the nature of the program, it is impossible to forecast the extent to which CCC price support stocks will be required for emergency feed assistance. However, for budgetary purposes, it is estimated that 2.2 million bushels of corn, grain sorghums, barley, and oats valued at \$4.7 million will be donated during each of the fiscal years 1960 and 1961 compared with actual donations in the fiscal year 1959 of .3 million bushels valued at \$.5 million.

PRICE SUPPORT PROGRAM, Livestock Feed Program

SUMMARY OF LATEST OPERATIONS:

Objective: To provide feed for livestock in designated emergency areas through sale at current support prices of CCC-owned grain.

Eligibility: Eligible recipients are livestock owners in designated emergency areas whose applications have been approved by ASC County committees or CSS officials after certification that they have liquidated current price support loans or purchase agreements and do not have and are unable to obtain sufficient livestock feed through normal channels of trade without undue financial hardship.

Beef and dairy cattle, sheep, goats, hogs, and work animals of six-months ownership, or their offspring, located in a designated area are eligible.

Operations: Upon determination by the Secretary to designate an emergency area because of a shortage of livestock feed available at an established minimum price as a result of a natural disaster, ASC county offices will sell CCC-owned oats, corn, barley, grain sorghums, rye, and wheat direct to eligible livestock owners for feed. Normal channels of trade will be utilized to the maximum extent practicable for delivery of grain. The maximum quantity of feed grains made available to an applicant will not exceed ten pounds per animal unit per day for not more than sixty days. CCC-owned grain will not be sold to any livestock owner until he purchases at the current support rate all corn, oats, barley and grain sorghums which he has under reseal or extended reseal in the emergency county or a contiguous county. Livestock owners should pay the county office the difference between the purchase price and market price for grain purchased and not fed, or may sell such grain to another eligible livestock owner. Penalties will be imposed for unauthorized use of grain. Transportation and handling costs will be borne by CCC. Assistance will not usually be made available in an area in which the Emergency Feed Program is in effect.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Public Law 86-299, 73 Stat. 574.

BASIS OF ESTIMATE:

: Because of the nature of the program, it is impracticable to forecast the extent to which CCC price support stocks will be required for this emergency program. It is assumed for budgetary purposes, that estimates of price support disposals are sufficient to cover any needs under this program.

COMMODITY EXPORT PROGRAM

The following summaries cover the major commodity export programs which the Corporation anticipates will be conducted during each of the fiscal years 1960 and 1961 and the bases for such estimates.

Agricultural Products

SUMMARY OF LATEST OPERATIONS:

Objective: To authorize CCC to participate in projects designed to aid in the development of foreign markets for U. S. agricultural commodities and products thereof.

Operations: The Corporation will provide agricultural commodities from CCC stocks or will procure agricultural commodities or products thereof to be used for display purposes at fairs and exhibits in foreign countries which are sponsored, approved, or conducted by the Foreign Agricultural Service or the Commodity Stabilization Service. The cost of each project may not exceed \$60,000. Upon completion of exhibits, commodities may be disposed of through sales for U. S. dollars or foreign currencies, distribution of free samples, donations to charitable institutions in foreign countries, or if practicable, transfer back to the United States.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof.

BASIS OF ESTIMATE:

It is impracticable to forecast accurately the extent to which CCC stocks will be used or the quantity and type of other agricultural products which may be purchased for use at foreign trade fairs and exhibits. For budgetary purposes, it is estimated that about \$10,000 worth of purchases of agricultural products for such exhibits will be made during each of the fiscal years 1960 and 1961. This is approximately the amount of dairy, citrus and poultry products that were purchased in the fiscal year 1959 for such use.

COMMODITY EXPORT PROGRAM, .Corn Exports to Japan

SUMMARY OF LATEST OPERATIONS:

Objective: To authorize Commodity Credit Corporation to donate corn to Japan in order to further implement the United States policy of sharing agricultural products with distressed people abroad and to advance the Department's program of foreign agricultural market development by promoting demand for U. S. feed grains in Japan.

Eligibility: Eligible commodity is CCC-owned bagged corn.

Eligible recipient is typhoon-damaged Yamanashi Prefecture of Japan.

Operations: The United States Department of Agriculture will join with the United States Air Force and Iowa farmers in a program to make breeding hogs and corn available to Japan. The Corporation will donate over a two-year period not to exceed 60,000 bushels of corn, bagged and delivered f.o.b. port Japan for use as feed for breeding hogs and their offspring. Costs for bagging and transportation will be borne by CCC. The Air Force will supply air transportation for the breeding hogs donated by Iowa farmers.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714c), particularly section 714c thereof.

BASIS OF ESTIMATE:

Since this program started after the 1961 Estimates were prepared, it is assumed for budgetary purposes that estimates of price support disposals are sufficient to cover that portion of the \$50,000 estimated costs of this program for the fiscal years 1960 and 1961.

COMMODITY EXPORT PROGRAM, Cotton Products Export

SUMMARY OF LATEST OPERATIONS:

Objective: To institute a program designed to protect the competitive position of the domestic cotton industry in relation to sales of cotton products manufactured abroad from American cotton purchased at export prices.

Eligibility: Cotton products manufactured from American Upland cotton exported on and after August 1, 1956, in fulfillment of export sales contracts entered into on or after May 21, 1956.

Operations: Equalization payments, based on the raw cotton content in the products exported, are made to United States exporters on cotton products of Upland cotton grown and wholly processed in the United States and which have not been previously exported and returned to the United States. For each calendar month the base equalization payment rate will be determined and announced by CCC prior to the beginning of such month. It will be based on the weighted average export differential (the export payment rate announced under the payment-in-kind cotton export program and the difference between domestic market prices for cotton and the prices at which Commodity Credit Corporation sells cotton for export), as determined by CCC under its cotton export programs. The rate shall be the same as the preceding month if the change is 0.10 cent or less. Percentages of the base equalization payment rate, reflecting approximate processing loss in converting raw cotton into products, will be applicable for each specified class of cotton products.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714c), particularly section 714c thereof.

BASIS OF ESTIMATE:

It is estimated that equalization payments of \$15.0 million will be made on cotton products representing the equivalent of around 400,000 bales of raw cotton during each of the fiscal years 1960 and 1961 compared with payments of \$13.1 million which were made on about the same number of bales in the fiscal year 1959. The increase reflects the higher rate of payment resulting from the increase in payments under the cotton export program. There are 13 classes of cotton products and the payment rate for each class is a different percentage of the base equalization rate; therefore the payments can be better estimated on the basis of the raw cotton content of the total of the cotton products which may be exported.

COMMODITY EXPORT PROGRAM, Upland Cotton Export

SUMMARY OF LATEST OPERATIONS:

Objective: The payment-in-kind program was initiated in the 1958-59 marketing year and was expanded for the 1959-60 marketing year to cover practically all exports of cotton. This permits greater participation in the merchandising of cotton by the various segments of the cotton industry by encouraging exports from commercial stocks in order that the United States may maintain a fair historical share of the world market.

Operations: Commodity Credit Corporation offers direct assistance to commercial exporters of Upland cotton by making credit payments in the form of certificates redeemable in CCC-owned cotton or, at its option, CCC may redeem certificates for cash. Payments shall be made on commercial exports resulting from sales and consignments at such rate determined by the Executive Vice President as is necessary to obtain our fair share of cotton exports.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 711-711o), particularly section 711c thereof; Title IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1427); and Title II of the Agricultural Act of 1956 (7 U. S. C. 1851, 1853).

BASIS OF ESTIMATE:

It is estimated that in the fiscal year 1961 payments of \$148.9 million will be made on 4.3 million bales of cotton exported from commercial stocks compared with anticipated payments in the fiscal year 1960 of \$182.2 million on 4.6 million bales exported and \$8.9 million made in 1959. Payments will be made in the form of certificates redeemable in cotton delivered from the Corporation's inventory.

COMMODITY EXPORT PROGRAM, Feed Grain Export

SUMMARY OF LATEST OPERATIONS:

Objective: To encourage commercial export of free market feed grains in order to reduce price support inventories and to strengthen domestic market prices.

Operations: Commodity Credit Corporation offers direct assistance to commercial exporters of feed grains based on the difference between the domestic market price and competitive world price by issuing feed grain payment certificates redeemable only in CCC-owned feed grains. Feed grains thus acquired from CCC must be exported. Availability of CCC-owned feed grains to the grain trade for export is limited to barters and exchanges, sales relieving port congestion, sales requiring CCC credit arrangements, and sales of off-grade grains. Stocks of CCC-owned feed grains will be available for export by other than commercial exporters to meet program requirements for Titles II and III, Public Law 480 donations, and Government to Government sales transactions. This program was effective as of May 12, 1958, for corn and as of July 1, 1958, for barley, oats, rye, and grain sorghums.

Authority: Commodity Credit Corporation Charter Act, as amended, (15 U.S.C. 714-714o), particularly section 714c thereof; Title IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1427); and Title II of the Agricultural Act of 1956 (7 U.S.C. 1851).

BASIS OF ESTIMATE:

Certificates redeemable in CCC commodities valued at \$42.1 million were issued during the fiscal year 1959 for commercial exports of feed grains. The value of such certificates and the volume of commodities expected to be exported under this program during the fiscal years 1960 and 1961 are estimated as follows:

	1960		1961	
	Quantity Exported (Bu.)	Certificates	Quantity Exported (Bu.)	Certificates
	(M i l l i o n s)			
Barley	94.5	\$9.4	91.5	\$9.1
Corn	210.0	16.8	203.0	16.2
Oats	23.8	2.4	14.6	1.5
Rye	4.4	1.1	5.0	1.3
Grain Sorghums	92.0	12.9	86.0	12.0
Total	424.7	42.6	400.1	40.1

COMMODITY EXPORT PROGRAM, Rice Export

SUMMARY OF LATEST OPERATIONS:

Objective: To encourage commercial export of free market rice in order to reduce price support inventories and to strengthen domestic market prices.

Operations: Commodity Credit Corporation offers direct assistance to commercial exporters of rice based on the difference between the domestic market price and competitive world price by issuing rice payment certificates redeemable only in CCC-owned rice or feed grains. Rice or feed grains thus acquired from CCC must be exported. Availability of CCC-owned rice and feed grains to the grain trade for export is limited to barters and exchanges, sales requiring CCC credit arrangements, and sales of off-grade grains. Stocks of CCC-owned rice and feed grains will be available for export by other than commercial exporters to meet program requirements for Titles II and III, Public Law 480 foreign donations. This program was effective as of December 15, 1958.

Authority: Commodity Credit Corporation Charter Act, as amended. (15 U.S.C. 714-714o), particularly section 714c thereof; Title IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1427); and Title II of the Agricultural Act of 1956 (7 U.S.C. 1851).

BASIS OF ESTIMATE:

It is estimated that in fiscal year 1961 certificates redeemable in CCC commodities valued at \$11.3 million will be issued on 4.4 million hundredweight of commercial exports of rice compared with certificates of \$10.2 million anticipated to be issued in fiscal year 1960 on 4.0 million hundredweight, and actual certificates valued at \$4.5 million were issued in fiscal year 1959. It is expected that rice certificates will be redeemed primarily in equal quantities of corn and grain sorghums from the Corporation's stocks.

COMMODITY EXPORT PROGRAM, Wheat Export

SUMMARY OF LATEST OPERATIONS:

Objective: To encourage the movement of wheat into export from free market stocks.

Operations: Commodity Credit Corporation offers direct assistance to commercial exporters of wheat and wheat flour to countries not participating in the International Wheat Agreement, based on the difference between the domestic sales price and world export price, by issuing wheat payment certificates redeemable only in CCC-owned wheat to wheat exporters and by making cash payments to exporters of wheat flour, including semolina, farina, and bulgur. Wheat supplied by CCC in exchange for certificates, or other wheat of comparable value or quantity shall be exported. Wheat exported will be eligible for transactions under Title I, Public Law 480. Availability of CCC-owned wheat to the grain trade for export is limited to barbers and exchanges, sales of wheat of light test-weight, off grade, or the like category, sales to relieve port congestion, and sales requiring CCC credit arrangements or other terms and conditions which the commercial trade cannot meet.

Authority: Commodity Credit Corporation Charter Act, as amended; (15 U. S. C. 714-714c), particularly Section 714c thereof; and Title IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1427).

BASIS OF ESTIMATE:

Exports of CCC-owned wheat: It is estimated that in fiscal year 1961 sales of CCC-owned wheat outside the International Wheat Agreement will total 21.9 million bushels at a net cost of \$12.3 million compared with sales of 22.5 million bushels at a net cost of \$12.6 million anticipated for fiscal year 1960, and actual sales in fiscal year 1959 of 17.1 million bushels at a net cost of \$10.0 million.

Wheat export payments: It is estimated that in each of the fiscal years 1960 and 1961 certificates redeemable in CCC wheat valued at \$0.8 million will be issued on commercial exports of 1.5 million bushels of wheat compared with actual certificates valued at \$28.4 million issued in fiscal year 1959.

Wheat flour export payments: It is estimated that in each of the fiscal years 1960 and 1961, cash payments will be made on commercial exports of 40 million bushels of wheat flour amounting to \$32.0 million compared with actual cash payments of \$25.4 million made in the fiscal year 1959.

COMMODITY EXPORT PROGRAM, Wheat and Wheat Flour Exports Pursuant to the
International Wheat Agreement

SUMMARY OF LATEST OPERATIONS:

Objective: To encourage exportation of wheat and wheat flour to participating importing countries and at the same time exercise the rights, obtain the benefits, and fulfill the obligations of the United States under the International Wheat Agreement.

Eligibility: Importing countries that have approved the International Wheat Agreement are eligible to purchase wheat and wheat flour equivalent produced in the United States at specified prices. The wheat and wheat flour may be sold by the CCC or by commercial exporters.

Operations: The Corporation is authorized to make payments to commercial exporters of domestic wheat and wheat flour processed therefrom in the United States for all commercial sales to all importing member countries. The current agreement will expire on July 31, 1962.

The payments are made on the basis of published announcements of the rate for the date or period of sale. Rates are determined on the basis of the relationship between current domestic market prices and current prices equivalent to the International Wheat Agreement basic maximum price of \$1.90 a bushel for No. 1 Manitoba Northern Wheat in bulk at Fort William and Port Arthur. Payments to exporters who export wheat are in the form of CCC-owned wheat. Cash payments will be made for flour, including semolina, farina, and bulgur. Since the exact cost of operations under the Agreement cannot be determined until the end of any fiscal year, the International Wheat Agreement Act of 1949, as amended, authorizes the Corporation to use its general borrowing authority to pay current obligations and then request the Congress to provide funds to reimburse the Corporation for any losses incurred under this program. Pending such reimbursement, the Corporation is authorized to establish the net costs of operations under the Agreement as a receivable.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Section 2 of the International Wheat Agreement Act of 1949, as amended, (7 U.S.C. 1641), and Public Law 86-336.

BASIS OF ESTIMATE:

The maximum and minimum prices per bushel in the current agreement are \$1.90 and \$1.50 respectively. The payment of 60¢ per bushel estimated for the fiscal year 1961 represents the net difference between the estimated domestic price and the weighted average export selling price under the agreement. Payments for wheat exported under the program are effected through the delivery of wheat from CCC stocks while payments for flour are made in cash. It is estimated that in the fiscal year

1961 payments will be made on commercial exports of 110 million bushels of wheat and flour at a net cost to the Corporation of \$68,115,000, including interest and administrative expenses, compared with estimated payments in fiscal year 1960 on 82.5 million bushels at a net cost of \$49,042,000, and actual payments under the agreement during the fiscal year 1959 on 82.7 million bushels at a net cost of \$47,404,779.

COMMODITY EXPORT PROGRAM, Sales for Foreign Currencies

SUMMARY OF LATEST OPERATIONS:

Objective:

- (a) To make available for sale to domestic exporters for foreign currencies surplus agricultural commodities acquired or to be acquired by the Commodity Credit Corporation in the administration of its price support operations, and to
- (b) Make available funds to finance the sale and exportation of surplus commodities whether from private stocks or from stocks of the CCC.

Such foreign currencies will be used to expand international trade, to encourage economic development, to purchase strategic materials, to pay U. S. obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the U. S. Appropriations not to exceed \$6,250,000,000 are authorized to reimburse the CCC for its unrecovered costs covering transactions authorized through December 31, 1959. From January 1, 1960 through December 31, 1961, \$1.5 billion each year plus unused balances of previous authorizations is authorized.

Eligibility: Surplus agricultural commodities are defined as any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the U. S., either privately or publicly owned which is or may be reasonably expected to be in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

Operations:

- (1) After a formal agreement has been entered into with a foreign government, the Foreign Agricultural Service will issue to that country, upon its application, purchase authorizations specifying the kinds, approximate quantities, and maximum dollar values of the commodities and the conditions under which purchases may be made. At the same time, FAS issues a public announcement containing details of the authorizations and other information that United States suppliers will need in making sales to the foreign importers. The announcement indicates whether U. S. suppliers will be required to purchase CCC stocks in order to participate.
- (2) U. S. suppliers and foreign importers will then negotiate sales and enter into contracts in which the sales price will be expressed in U. S. dollars.

(3) Normal commercial procedures, based largely on letters of credit, are followed in carrying out the contracts: (a) Importers pay for commodities in local currency through their local banks; (b) suppliers are paid in dollars by U. S. banks with which the foreign banks have established dollar letter-of-credit arrangements; (c) the U. S. banks are reimbursed by CCC; and (d) the foreign currency is deposited to the account of the U. S. Government in accordance with arrangements made between the governments of the United States and the importing country.

CCC issues contract announcements containing the terms and conditions governing purchase by U. S. suppliers of other commodities from CCC stocks. The announcement also specifies the financial arrangements which must be made in order to purchase commodities from CCC stocks.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o); and Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1701-9) and as amended by Public Laws 85-931 and 86-341.

BASIS OF ESTIMATE:

Program operations: Based on purchase authorizations issued by the Foreign Agricultural Service pursuant to agreements negotiated with foreign countries for the sale of surplus agricultural commodities for foreign currencies, it is estimated that the Corporation will finance the exportation of commodities at a cost of \$1.250 billion in the fiscal year 1961, compared with sales at a cost of \$1.100 billion anticipated for the fiscal year 1960, and actual sales in the fiscal year 1959 at a cost of \$1.089 billion. Sales from CCC-owned stocks are estimated to total \$334.1 million during the fiscal year 1961, compared with \$321.9 million anticipated for the fiscal year 1960, and actual sales during the fiscal year 1959 of \$355.4 million. The remainder represents financing by the Commodity Credit Corporation of the sales from privately owned stocks and ocean freight costs.

Deliveries of commodities for which the Corporation has a payment-in-kind program in effect shall include CCC stocks only to the extent of those commodities delivered to redeem payment certificates issued for commercial stocks exported.

Interest on the unrecovered costs under this program is accrued at approximately the rate charged the Corporation for borrowings from the Treasury. It is estimated that the interest cost in fiscal year 1961 will be \$40.9 million compared with \$29.3 million in fiscal year 1960 and \$24.2 million actual in fiscal year 1959.

Dollars received for foreign currencies. It is estimated that the Corporation will receive \$66.5 million during the fiscal year 1961 for currencies purchased from the Treasury by other Government agencies for authorized reimbursable uses of the foreign currencies under regular allocations of currencies for such uses, compared with \$69.2 million anticipated for the fiscal year 1960 and \$89.7 million

actually received in the fiscal year 1959. In addition, it is estimated that in fiscal year 1961 the Corporation will receive the first payment of \$47.6 million from special appropriations requested elsewhere in the Budget to provide funds to reimburse the Corporation for currencies used for purposes that heretofore have been unreimbursable. Thus, in 1961, dollar reimbursements from the U. S. Treasury are estimated to amount to \$114.1 million.

Foreign currencies used for military housing. The dollar value of foreign currencies allocated to the Defense Department and used for construction of military housing abroad will be reimbursed directly to the Corporation by the Defense Department in subsequent years from quarters allowances and income received from the rental of such housing. It is estimated that the net value of currencies used during the fiscal year 1961 will amount to \$19.0 million, compared with \$19.4 million anticipated for the fiscal year 1960, and \$15.1 million in the fiscal year 1959. Receipts are estimated at \$4.5 million in 1961 compared with \$5.0 million anticipated in the fiscal year 1960, and actual receipts of \$1.5 million in 1959.

COMMODITY EXPORT PROGRAM, Long-term supply contracts

SUMMARY OF LATEST OPERATIONS:

Objective: To provide funds and commodities from CCC stocks to deliver surplus commodities under long-term credit agreements with friendly nations.

Operations: The President is authorized to enter into agreements with friendly nations under which the U. S. will deliver annually, for periods not to exceed 10 years, quantities of agricultural commodities that are surplus at the time delivery is made. Payment shall be in dollars, with interest at a rate determined by the Secretary but not more than the cost of funds to the Treasury, in equal annual amounts over a period not to extend beyond 20 years after the last commodity delivery. Appropriations are authorized to reimburse the Corporation for costs not otherwise recovered under the program.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o); and Title IV of Agricultural Trade Development and Assistance Act of 1954, as amended (P. L. 86-341).

BASIS OF ESTIMATE:

Operating policies and plans have not yet been developed on which to base an estimate of possible activity under this program. However, it is anticipated that some agreements may be entered into and costs incurred during the fiscal year 1960 with progressive increases during the fiscal year 1961 as the program develops. Provision for reimbursing CCC for costs incurred during the fiscal years 1960 and 1961 will be included in the 1962 Budget Estimates.

STORAGE FACILITIES PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To provide adequate storage facilities for CCC-owned and producer-owned commodities; to assist producers in financing the construction or purchase of suitable farm-storage facilities; to encourage the construction of needed commercial storage facilities; and to assist producers in financing the purchase of suitable mobile drying equipment to facilitate safe farm storage.

Operations: Bins and granaries are bought by the Corporation on an offer-and-acceptance basis and are located only in areas where it is determined that existing privately-owned storage facilities are not adequate. Depreciation and other costs of maintaining the structures and handling and conditioning grain stored therein are reflected as carrying charges on the commodities stored.

Storage use guarantees were negotiated under agreements with commercial firms, including cooperatives, operating under the Uniform Grain Storage Agreement, who agreed to construct additional storage capacity for grains and oilseeds. Optional plans provided for guarantees of (1) 75% occupancy for a period of 3 years, to be reduced to 40% for the next 2 years; (2) 60% occupancy for 5 years; and (3) 50% occupancy for 6 years. The Corporation fulfills the guarantee, either by actual storage of CCC-owned commodities, or by making a payment. CCC has the option to require warehousemen to reserve space for storage up to the maximum amount of the occupancy guarantee level. The annual rate per bushel for unused space under the guarantee is 75% of the applicable annual area rate under the Uniform Grain Storage Agreement for wheat for the year the occupancy did not reach guarantee level. Applications for storage agreements were accepted until April 30, 1955 for storage capacity which was to be ready for occupancy by June 1, 1955. All existing agreements under these guarantees will expire before the end of fiscal year 1961.

Recourse loans for financing the construction or purchase of farm-storage facilities and mobile drying equipment may be obtained direct from CCC through the Agricultural Stabilization and Conservation County Committees, and, if specifically authorized, from lending agencies. Loans are for a maximum period of five years on facilities and four years on equipment, payable in equal annual principal payments with interest at the rate of 4% a year on the unpaid balance. The maximum amount to be lent on facilities is 80% of cost, and 75% of delivered cost on equipment. Loans are secured by chattel mortgages. Any past-due, payable or pre-payable installment may be deducted and paid out of any amount due the borrower on any program conducted by the Department of Agriculture.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly sections 714b and c thereof.

BASIS FOR ESTIMATE:

Purchases of bins. While it is difficult to foresee what the storage availability and requirements for the fiscal year 1961 and the remainder of fiscal year 1960 will be, it is estimated, for budgetary purposes, that in 1961, bins of 100 million bushel storage capacity may be purchased for storage deficit areas. A similar estimate is included for the fiscal year 1960 in the event it becomes necessary to purchase bins to provide for large estimated deliveries to CCC of the 1959 crops. In the fiscal year 1959 no purchases of bins were made. As of June 30, 1959, CCC owned bins of 985 million bushels capacity.

It is the general policy to procure emergency storage facilities for the storage of Commodity Credit Corporation owned grain only in those instances where the anticipated take-over (by CCC) of grain under price support programs will be greater than the quantity which can be handled by commercial facilities existing or planned for the immediate future within the area of such anticipated take-over. It is necessary to establish requirements for additional storage facilities early enough to assure the procurement and erection of such facilities in time to be available for the take-over of grain. It is difficult to forecast to any degree of accuracy, the quantities of grain that will be delivered to CCC in any particular area in view of the many counties participating in the price support program and the market and price situation which will exist at the time of such delivery. Since contracts for the purchase and erection of the bins must be executed far in advance of actual needs, subsequent developments in program activity and economic conditions could result in some of the bins proving to be in excess of immediate requirements. In such instances, bins could be moved to other deficit areas, or if not required elsewhere, could be leased to others or remain available for possible future use. Unused space is also maintained in each area to allow for turning and cleaning purposes to minimize loss of grain by spoilage and deterioration.

Storage use guarantees. Space covered by outstanding storage occupancy contracts entered into in prior years totaled 91 million bushels as of June 30, 1959. It is estimated that such agreements will be outstanding on 52 million bushels at the end of the fiscal year 1960 and will have expired by June 30, 1961. No payments under such agreements during the fiscal years 1960 and 1961 are anticipated since actual payments in the fiscal year 1959 were only \$1,894.

Storage facilities and equipment loans. During the fiscal years 1960 and 1961 it is estimated that loans of \$12.0 million will be made on farm storage facilities having a 44.4 million-bushel capacity compared with actual loans of \$16.5 million made in the fiscal year 1959 on 64.7 million bushel capacity. Loans to finance the purchase of mobile drying equipment are estimated to be \$1.6 million in each of the fiscal years 1960 and 1961 compared with actual loans made in the fiscal year 1959 of \$1.7 million.

SUPPLY AND FOREIGN PURCHASE PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To procure agricultural commodities in the United States and abroad to meet the needs of United States Government agencies (principally those administering relief programs abroad), cash-paying foreign governments, international relief agencies, and domestic requirements. The production or stockpiling of agricultural commodities under Sections 303 and 304 of the Defense Production Act of 1950 is also carried out under this program.

Operations: Procurement for this program is usually made during peak marketing seasons and is closely coordinated with the price support program to provide the maximum benefit to American agriculture. Transfers to claimants are at prices designed to reimburse the Corporation for all costs incident to carrying out the program.

Generally, purchases are made at the best price obtainable at either an announced price or on an offer-and-acceptance basis in quantities, although purchases may also be made under formal competitive bids.

Purchases for any claimant, other than a Federal Government agency, require (1) a firm requisition or a firm contract from the claimant, and (2) a deposit with the Treasurer, Commodity Credit Corporation, of cash or its equivalent, or other acceptable financial arrangements. Purchases for Federal agencies require a written order constituting a firm obligation. Purchases may be made in advance of firm commitments and prior to deposit of cash only upon specific authorization of the Board of Directors when it is anticipated that no risk of loss is involved. In addition, the Board of Directors may authorize the purchase and stockpiling of commodities in the interest of national security.

The defense production activities include a program to encourage and develop sources of supply of castor beans within the Continental United States and to insure a supply of castor beans, oil, and planting seed for industrial uses and stockpiling in connection with national defense.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 711-714o), particularly section 714c thereof; Act of July 16, 1943 (15 U.S.C. 713a-9); sections 303 and 304 of the Defense Production Act of 1950, as amended (Public Law 774 approved September 8, 1950; Public Law 96 approved July 31, 1951; and Public Law 429 approved June 30, 1952).

BASIS OF ESTIMATE:

Activities currently being carried on include procurement of commodities for other Government agencies and the liquidation of completed programs under the Defense Production Act. Total

acquisitions and carrying charges are estimated to total about \$1.0 million during each of the fiscal years 1960 and 1961, primarily for foundation seeds and wheat flour compared with actual acquisitions during the fiscal year 1959 of about the same amount. Sales proceeds during each of the fiscal years 1960 and 1961 are estimated to total \$1.2 million compared with actual sales in the fiscal year 1959 of \$1.0 million.

SPECIAL MILK PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To provide a special milk program for children in the interest of improved nutrition by fostering the consumption of fluid milk.

Operations: For the three fiscal years in the period beginning July 1, 1958, and ending June 30, 1961, use of CCC funds has been authorized to increase the consumption of fluid milk by children in nonprofit schools of highschool grade and under and in nonprofit child-care institutions. The authorization provided for maximum amounts of \$75 million, \$81 million and \$84 million in the fiscal years 1959, 1960 and 1961, respectively. Payments are made through the facilities of the School Lunch Program upon certification of use of additional milk by local schools or institutions. This operation is administered by the Agricultural Marketing Service.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly 714c thereof; Public Law 85-478, approved July 1, 1958, and Public Law 86-163 approved August 18, 1959.

BASIS OF ESTIMATE:

It is estimated that in the fiscal years 1960 and 1961 net expenditures will amount to \$79.9 and \$83.7 million, respectively, compared with \$74.7 million actually spent in the fiscal year 1959.

UNDISTRIBUTED EXPENSE AND INCOME

SUMMARY OF LATEST OPERATIONS:

There are a number of expenses which are not allocated to a specific program. These include administrative expenses applicable to the limitation, and nonadministrative expenses such as interest on the capital stock of the Corporation and on borrowings from the Treasury, administrative equipment, expenses of the agricultural stabilization and conservation county committees, Federal Reserve Banks and other agencies in connection with the Corporation's programs. Such expenses are partly offset by income from interest on loans and on special programs financed by CCC and other miscellaneous income.

Administrative expenses: These are for the operating staff, including the services of employees of the Commodity Stabilization Service engaged in Commodity Credit Corporation activities, services performed by other agencies of the department, costs of audit, and payments to the General Services Administration for space in the District of Columbia and rent of field office space. Also included for the first time, are funds for the International Cooperation Administration for services including program screening and end-use audit of the foreign donation program under section 416 of the Agricultural Act of 1949. Estimates for 1961 include a limitation of \$48,428,000 for costs of administration including a reserve of not less than 7% for contingencies. Administrative expenses will be accounted for on an obligation basis consistent with past practices.

The requested authorization excludes administrative expenses in connection with the supply and foreign purchase program, the wool and mohair program under the National Wool Act of 1954, the International Wheat Agreement, and the sale of long staple cotton transferred from the national stockpile, since it is contemplated that full reimbursement will be received for these expenses. Such reimbursement will be obtained and used in 1961 in the same manner as in previous years.

The reimbursements under the supply and foreign purchase program are generally obtained through a mark-up on invoices evidencing sales, which are credited on the books of the Corporation to an income account which, in turn, is charged with all of the administrative expenses incurred in connection with this program. Balances remaining in the account at the end of any fiscal year are used in succeeding fiscal years to defray administrative expenses incurred in liquidating all phases of this program. The mark-up is established at a rate which is so determined and applied as to provide full reimbursement on an over-all basis for all administrative expenses in connection with the supply and foreign purchase program and takes into account the fact that with respect to particular commodities, sales or operations, the mark-up may be more or less than the exact administrative expenses incurred. The rate of mark-up is adjusted from time to time as conditions warrant.

Nonadministrative expenses. Interest on borrowings from the Treasury is paid in accordance with a policy of the Treasury that the rate shall be based upon the average interest rate on all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. Interest is also paid in connection with loans and certificates held by lending agencies for the period their funds are invested in such loans or certificates.

Expenses in connection with the acquisition, operation, maintenance, improvement, or disposition (including inspection, classing, and grading work performed on a fee basis by Federal employees or Federal-or-State licensed inspectors and work performed on a contract basis by agricultural stabilization and conservation county committees) of property which the Corporation owns or in which it has an interest have been treated as program rather than administrative expenses. Similarly, expenses of other Federal agencies whose services are utilized in the handling of Commodity Credit Corporation property are treated as program expenses. Such expenses include the fleet storage operation of the Maritime Administration conducted intermittently since 1949 and the services rendered by the General Services Administration in connection with the strategic, critical, and other materials acquired by the Corporation. Also included in this category are costs of having work normally performed by CSS in connection with the acquisition, maintenance, and disposition of property of the Corporation or in which it has an interest performed by others on a contract basis when necessary because of major failures of equipment in CSS offices.

Also included are fees paid to purchase and sales agents under the cotton purchase and sales program.

BASIS OF ESTIMATE:

Administrative expenses. Expenses applicable to the limitation are estimated at \$44.5 million in the fiscal year 1961, compared with \$42.3 million anticipated for the fiscal year 1960, and actual expenses of \$38.3 million in the fiscal year 1959. The increase in 1960 over 1959 anticipated heavier program volume, while the increase in 1961 reflects the audit of the new cotton program and the cost of services by the International Cooperation Administration for program screening and end-use audit of the foreign donation program.

Nonadministrative expenses. During the fiscal year 1961, it is estimated that interest costs of borrowings and capital stock will amount to \$573 million anticipating an average of 4-1/2% per annum compared with \$483 million estimated for the fiscal year 1960 (average rate between 3-7/8% and 4-1/2%) and actual payments of \$181.4 million in the fiscal year 1959 when the rates ranged from 1-1/8% to 3-7/8%. Offsetting such costs are interest income, primarily from reimbursable programs and loans amounting to \$68.9 million estimated for 1961, compared with \$60.6 million anticipated for the fiscal year 1960, and actual receipts of \$45.6 million in the fiscal year 1959. The increases in 1960 and 1961 reflect the increase in rates mentioned above.

It is estimated that expenditures for administrative equipment will amount to \$600,000 in each of the fiscal years 1960 and 1961 compared with \$916,980 actually purchased in the fiscal year 1959. The decrease in 1960 and 1961 resulted primarily from a non-recurring purchase in 1959 of accounting equipment formerly rented.

Other net expenses are primarily for interest on certificates of interest serving agents fees and expenses of the county agricultural stabilization committees and Federal Reserve Banks. During the fiscal year 1961 these other net expenses are estimated at \$53.1 million, compared with \$46.8 million anticipated in the fiscal year 1960, and actual costs of \$20.1 million in the fiscal year 1959. The increases are due primarily to the purchase and sales agents fees on the cotton program and interest paid on certificates of interest.

SPECIAL ACTIVITIES, Emergency Famine Relief to Friendly Peoples

SUMMARY OF LATEST OPERATIONS:

Objective: To make available surplus agricultural commodities to the International Cooperation Administration, to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent relief requirements, as authorized by law.

Eligibility: Surplus agricultural commodities from stocks of the Commodity Credit Corporation. Surplus agricultural commodities are defined as any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, which is, or may be reasonably expected to be in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

Such surplus commodities may be transferred (1) to any nation friendly to the United States in order to (a) meet famine or other urgent relief requirements of such nation, and (b) assist them to be independent of trade with the USSR and with nations dominated or controlled by the USSR; (2) to friendly but needy populations without regard to the friendliness of their government; and (3) to assist programs undertaken with friendly governments or through voluntary relief agencies. Transfers should not result in increased availability of such commodities to unfriendly nations.

Operations: Commodity Credit Corporation will make available from its price support inventory such quantities of surplus commodities as the Director of International Cooperation Administration may request through such period as may be necessary to complete programs of assistance undertaken by ICA prior to December 31, 1961.

Commodity Credit Corporation will incur costs of processing, packaging, handling, and transporting such commodities f. o. b. vessel in United States ports as requested by the Director, I.C.A. or to designated ports of entry abroad upon determination of the President, CCC. The Corporation will be reimbursed from subsequent appropriations for its investment in the commodities including processing, packaging, transportation, and handling costs. Funds required for ocean freight costs on commodities delivered under this program as well as on donations under Section 416 Agricultural Act of 1949, may be transferred by the Corporation to the International Cooperation Administration for such purpose. Appropriations for reimbursing the Corporation for its costs under this program through December 31, 1959, are limited to \$800,000,000. From January 1, 1960, through December 31, 1961, appropriations of \$300 million per calendar year plus unused balances of previous authorizations are authorized.

Authority: Commodity Credit Corporation Charter Act as amended (15 U.S.C. 714-714o); and Title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721-24), as amended by Public Laws 85-931 and 86-341.

BASIS OF ESTIMATE:

It is estimated that during the fiscal year 1961 the Corporation will furnish from its stocks surplus agricultural commodities valued at \$120.0 million (including ocean freight and interest) for famine and other emergency assistance to friendly peoples, compared with \$115 million anticipated for the fiscal year 1960 and \$97.9 million actually furnished in the fiscal year 1959.

SPECIAL ACTIVITIES, Transfer of CCC Grain to Interior for
Migratory Waterfowl Feed

SUMMARY OF LATEST OPERATIONS:

Objective: To make available wheat, corn, or other grains to the Secretary of the Interior for use in feeding migratory waterfowl, thus preventing crop damage.

Eligibility: Surplus grains acquired through price-support operations.

Operations: The Secretary of the Interior is authorized to requisition from the Commodity Credit Corporation grain in such quantities and subject to such regulations as the Secretary of the Interior determines will most effectively lure migratory waterfowl away from crop depredations and at the same time not expose such waterfowl to shooting over areas to which the waterfowl have been lured. The Corporation shall be reimbursed by appropriation for its investment in the grain transferred and by the Secretary of the Interior for packaging and transporting costs.

Authority: Act of July 3, 1956 (7 U.S.C. 443-446), as amended by Public Law 86-133.

BASIS OF ESTIMATE:

It is estimated that 400 tons of grain valued at \$35,000 will be transferred to the Fish and Wildlife Service for migratory waterfowl feed in each of the fiscal years 1960 and 1961 compared with actual transfers in the fiscal year 1959 of 275 tons valued at \$17,363.

SPECIAL ACTIVITIES, Transfer of Bartered Materials
to Supplemental Stockpile

SUMMARY OF LATEST OPERATIONS:

Objective: To transfer strategic and other materials acquired as a result of barter and exchange of agricultural commodities to the supplemental stockpile.

Operations: Periodically, bartered materials are transferred from CCC inventory to a supplemental United States stockpile established by section 104(b) of the Agricultural Trade Development and Assistance Act of 1954. They may be entered, or withdrawn from warehouse, free of duty. Appropriations to reimburse the Corporation for the value of materials transferred are authorized by the Act. The value of materials shall be the lower of the domestic market price or the Commodity Credit Corporation's investment therein as of date of transfer.

Authority: Title II of the Agricultural Act of 1956 (7 U.S.C. 1704, 1856).

BASIS OF ESTIMATE:

It is estimated that \$126.7 million of strategic and critical materials acquired in the Corporation's barter program will be transferred to the supplemental stockpile in the fiscal year 1961 compared with \$237.2 million anticipated in the fiscal year 1960 and actual transfers of \$314.7 million in the fiscal year 1959.

SPECIAL ACTIVITIES, Animal Disease Eradication Activities

Diseases of Animals and Poultry

SUMMARY OF LATEST OPERATIONS:

Objective: To provide funds for eradication activities under the appropriation "Diseases of Animals and Poultry" as emergency needs arise.

Operations: Upon determination that an emergency threatens the livestock industry of the country, the Secretary of Agriculture is authorized to transfer from other appropriations or funds available to the bureaus, corporations, or agencies of the Department, such sums deemed necessary to alleviate the emergency. Under this authority, transfers of CCC funds not to exceed \$1,000,000 for the vesicular exanthema eradication program for fiscal year 1959 were authorized. Transfers have been made in prior years for the eradication of foot-and-mouth disease in Mexico, and the Corporation has recovered the amounts transferred plus interest.

Authority: Section 5 (g) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c), and the Department of Agriculture and Farm Credit Administration Appropriation Act, 1959 (P. L. 85-459).

BASIS OF ESTIMATE:

Based on availability of funds and the requirements of the Agricultural Research Service under its appropriation "Diseases of animals and poultry," actual advances in the fiscal year 1959 amounted to \$1.0 million.

No transfers were made in the fiscal year 1960, as a direct appropriation to the Agricultural Research Service was made for financing this program. A recovery of prior year obligations in fiscal year 1960 resulted in a return to the 1959 and 1960 appropriations to reimburse the Corporation of \$9,666 and \$18,445, respectively.

SPECIAL ACTIVITIES, Animal Disease Eradication Activities
Eradication of Brucellosis in Cattle

SUMMARY OF LATEST OPERATIONS:

Objective: To provide funds for use in stabilizing the dairy industry and further suppressing and eradicating brucellosis in cattle.

Operations: Through June 30, 1958, the Secretary of Agriculture was authorized to transfer Corporation funds to the Agricultural Research Service to accelerate the brucellosis eradication program. A direct appropriation was made to the Agricultural Research Service in the 1959 fiscal year for the brucellosis eradication program.

Authority: Commodity Credit Corporation Charter Act (15 U. S. C. 714-714o); and Section 204 (e) of the Agricultural Act of 1954, as amended (7 U.S.C. 397).

BASIS OF ESTIMATE:

The activity for this program in fiscal year 1959 was confined to the recovery of \$34,785 of unrecovered costs incurred prior to June 30, 1958. No further activity is anticipated.

SPECIAL ACTIVITIES, Grading and Classing Activities

SUMMARY OF LATEST OPERATIONS:

Objective: To provide additional funds for classing cotton and grading tobacco without charge to producers.

Operations: Each year the Agricultural Marketing Service receives an advance of nonadministrative funds of the Corporation to supplement appropriated funds available for grading tobacco and classing cotton without charge to producers. The portion of this amount which is attributed to cost of classing or grading commodities placed under price support is borne by the Corporation. The Corporation is reimbursed by subsequent appropriations for the cost of such service for commodities not placed under price support.

Authority: Department of Agriculture Appropriation Acts, 1950 and 1952 (7 U. S. C. 440, 444a).

BASIS OF ESTIMATE:

Based on availability of funds and requirements of the Agricultural Marketing Service under its "Inspection, grading and classing, and standardization" activity included in its appropriation "marketing research and service", it is estimated that net advances during each of the fiscal years 1960 and 1961 applicable to commodities not placed under price support will amount to \$715 thousand compared with actual net advances in the fiscal year 1959 of \$525 thousand.

SPECIAL ACTIVITIES, Acreage Reserve and Conservation Reserve Program

SUMMARY OF LATEST OPERATIONS:

Objective: To assist farmers to divert a portion of their cropland from the production of excessive supplies of agricultural commodities, and to carry out a program of soil, water, forest, and wildlife conservation.

Operations: The enabling Act provides for two programs.

1. Acreage Reserve. The Act authorized a program for 4 crop years, 1956 through 1959. However, the 1959 Appropriation Act discontinued the program after the 1958 crop.

Producers were compensated for reducing their acreages of basic commodities through negotiable certificates redeemable either in cash or in CCC-owned grain.

2. Conservation Reserve. This program is effective for 5 calendar years from 1956 through 1960. Producers are compensated for removing cropland from production and establishing long-range conservation practices through cost-sharing assistance and annual payments. The 1960 Appropriation Act provided a program authorization for entering into contracts with producers of \$375,000,000 for the 1960 program.

The Act authorizes the Secretary of Agriculture to utilize the facilities of the Corporation in administering the programs, provided CCC has received funds in advance to cover the expenditures. Funds are advanced from Soil Bank appropriations to CCC. Appropriations were provided for the Acreage Reserve and Conservation Reserve Programs beginning with the 1958 fiscal year.

Authority: Soil Bank Act (7 U. S. C. 1801-14, 1821-4(b), 1831-31(d), 1832(a)-32(c), 1833(a)-33(c), 1834(a)-34(b), 1835(a)-(b), 1836, 1837).

BASIS OF ESTIMATE:

Advances to CCC. As advances are made to the Corporation they are recorded as obligations against the soil bank program appropriations. Unused advances at the end of each fiscal year remain in the CCC accounts for payment of obligations in the next year. No unused advances under the conservation reserve program are anticipated at the end of the fiscal years 1960 or 1961 compared with actual unused advances of \$34.7 million at the end of fiscal year 1959. In addition to the unused advances the Corporation had outstanding acreage reserve certificates of prior years of \$.3 million at the end of the fiscal year 1959 (which are estimated to be liquidated during the fiscal year 1960). No such certificates are estimated to be outstanding June 30, 1960, as the acreage reserve program is anticipated to be liquidated by that time.

SPECIAL ACTIVITIES, National Wool Act

SUMMARY OF LATEST OPERATIONS:

Objective: To support the prices of wool and mohair during the marketing year April 1, 1960 through March 31, 1961, by incentive payments, in accordance with the National Wool Act of 1954, as amended.

Eligibility: Domestic wool and mohair shorn on or after January 1, 1955 and marketed on or after April 1, 1960, but not later than March 31, 1961.

Domestic unshorn lambs marketed on or after April 1, 1960, but not later than March 31, 1961.

Operations: Price of domestic shorn wool is supported by incentive payments to producers, based on their net sales' proceeds from shorn wool marketed during the 1960 marketing year. Pulled wool is supported by payments on the live weight of lambs that have never been shorn, marketed during the 1960 marketing year. Incentive payment for domestic shorn wool is 62 cents per pound, grease basis, being 86 percent of the parity price as of October, 1959. The incentive price for pulled wool will be figured at a rate per hundred-weight of live animal to compensate for the wool on them at a price relationship comparable to the incentive payments for shorn wool.

Price of domestic shorn mohair is supported at 70 cents per pound, which is approximately 74 percent of the parity price for mohair as of October, 1959. While mohair support levels shall be at a level comparable to the wool incentive price, the mohair price level may vary as much as but not more than 15% above or below the comparable percent-of-parity wool incentive level.

Payments are made to eligible producers, based on their net sales proceeds from shorn wool and mohair marketed during the 1960 marketing year, or on the live weight of unshorn lambs sold during the marketing year irrespective of the purpose for which the lambs are sold. Such payments are reimbursable from 70% of the annual duties collected on wool and wool manufactures. Payments to producers are on a percentage basis, reflecting the amount required to bring the national average price received by all producers up to the announced incentive level. Applications by producers for payment, determination of producers' eligibility for payments, and computation of payments, will be made through Agricultural Stabilization and Conservation County Committees.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 7114-7114o), particularly section 7114c thereof, and the National Wool Act of 1954, (7 U. S. C. 1781-1787) as amended by the Agricultural Act of 1958, approved August 28, 1958.

BASIS OF ESTIMATE:

WOOL

Wool Production: The U. S. production of shorn wool was around 241 million pounds in 1958 compared with 235 million pounds in 1957. The preliminary estimate of production in 1959 is around 252 million pounds and a further increase of around 3 million pounds of shorn wool is expected in 1960. This is based upon the trends in stock sheep numbers especially the number of ewe lambs, January 1, the last two years.

Sales of Wool Subject to Payments: In the 1958 marketing year sales of domestic shorn wool totaled around 295 million pounds compared with the reported production of 240.8 million pounds. The large quantity of wool sold compared with production in the 1958 marketing year included an unusually large carry-over of wool from the 1957 marketing year when a slow demand and declining prices after mid-1957 caused many growers to withhold sale of their wools at that time. Later they sold the carryover wools from 1957 along with their 1958 clips during the 1958 marketing year. Sales during the 1959 and 1960 marketing years are assumed to be about equal to production in those years.

Sales of Unshorn Lambs Subject to Payments - Sales of unshorn lambs subject to payments (for pulled wool) for the 1958 marketing year were estimated at 10,500,000 hundredweight, or slightly higher than the amount sold in 1957. For each of the 1959 and 1960 marketing years, it was assumed the sales would be around 11,000,000 hundredweight. This increase is based upon expected increases in lamb crops resulting from the larger number of breeding ewes and especially of ewe lambs retained in stock sheep flocks January 1 during the past two years.

Wool Consumption: The U. S. consumption of apparel wool declined from mid-1956 through 1957. During 1958, domestic consumption rose gradually while wool use in 9 major wool-consuming countries outside the U. S. was declining. The decline abroad started a year later than in the U. S. and continued until the fourth quarter of 1958. Wool consumption both in the U. S. and abroad has risen sharply during 1959 and is expected to continue near current levels through 1960.

Market Prices for Wool: Despite the gradually rising use of wool in the U. S. during 1958, prices for domestic wools showed a generally downward trend. This trend was associated with the world market decline in wool prices beginning in mid-1957, reflecting a parallel decline in mill use of wool in the principal wool-consuming countries outside the U. S.

Wool prices in the markets of the leading wool-producing countries of the Southern Hemisphere began to advance in February 1959 following a sharp rise in wool use in 9 of the principal wool-consuming countries outside the U. S. Prices for domestic wools began to strengthen late in March and continued to advance through August to levels substantially above a year ago. It is expected domestic wool prices will continue near present levels with possibly a further slight upward trend through 1960.

The average of prices received by domestic growers for wool during the 1958 marketing year was 36.4 cents per pound compared with 53.7 cents during the 1957 marketing year. The monthly averages, as reported, rose from the low of 34.5 cents in February to 44.3 cents in August, but in September the average dropped to 43.4 cents. The monthly averages for the 1959 marketing year, beginning April 1, were: April, 39.2 cents; May, 42.7 cents; June, 42.9 cents; July, 44.1 cents; August, 44.3 cents; and September, 43.4 cents. The straight average of the monthly averages for the first six months of the marketing year was 42.8 cents. However, trade reports indicate that sales were very heavy in April when the average was 39.2 cents. Nevertheless, the average for the 1959 marketing year is expected to be substantially above that for 1958 and the average for 1960 is expected to be a little higher than that for 1959.

World supply and demand conditions at present appear favorable for a more stable trend in wool prices than prevailed from mid-1957 through 1958. While world production of wool is increasing, the increased rate of world use that started in the last quarter of 1958 seems now likely to bring world supply and demand into balance sometime in 1960, which would favor some further moderate increases in wool prices from current levels, both in the U. S. and in markets outside this country.

However, the prospects for any considerable increase in prices of domestic wools is tempered by the fact that mill use of apparel wool in the U. S. usually runs from 18 to 25 months and the upward trend has already prevailed for around $1\frac{1}{2}$ years. Even if the mill use of wool in this country does not rise much above current levels, a sustained use at around current levels could still support some advance in domestic wool prices with stable or slightly rising prices being maintained in markets outside the U. S. as seems now to be in prospect.

Another retarding influence in any sustained rise in prices for domestic wools is the continued growth in the use of manmade fibers in items traditionally made of wool. At current prices, domestic wools are competitive with manmade fibers and prices for domestic wools could still make moderate advances without greatly encouraging a further increase in the use of the manmade fibers.

Imports of Apparel Wool: The relatively low rate of mill use of apparel wool in 1957 and 1958 reduced the need for imports. During the first seven months of 1959, the imports of dutiable wool (apparel wool) for consumption have exceeded the volume imported during the corresponding months of 1957 or 1958. Since May this year, the volume of imports has tended to decline and comparisons with the two previous years have been less favorable than in the earlier months, but the total for the year 1959 is expected to be higher than for either 1957 or 1958. For 1960, the imports may be somewhat smaller than in 1959 but are expected to remain above the levels of 1957 and 1958.

MOHAIR

Support Price: Payments on mohair have not been required for any of the first four marketing years (1955, 1956, 1957, and 1958) of the payment program under the National Wool Act. The support price for each of those marketing years was established at 70 cents per pound and the same price has also been established for the 1959 and 1960 marketing years.

Market Prices for Mohair: The averages of prices received by growers for each of the first four marketing years were: 82.2 cents in 1955; 84.4 cents in 1956; 83.7 cents in 1957; and 72.3 cents in 1958. The straight average of the monthly averages of prices for mohair in Texas, where over 95 percent of the U. S. production is being grown, for the first six months of the 1959 marketing year was 91.8 cents per pound. Current market conditions indicate that the price for the 1959 marketing year will remain above 70 cents per pound, thus requiring no payments for this marketing year. Improved conditions in the principal mohair consuming countries indicate that exports of domestic mohair will continue at around the current level, and hence, no payments will be required on mohair for the 1960 marketing year.

Production of Mohair: Production of mohair in the U. S. has increased from 12.2 million pounds in 1952 to 20.9 million pounds in 1958. An increase in the number of goats in Texas January 1, 1959, indicates production will increase in 1959 and current favorable prices for mohair suggest that the number of goats will increase again this year, resulting in an increase in the production of mohair for sale in the 1960 marketing year.

Exports of Mohair: The United States has become an exporting nation with respect to mohair. Prior to 1953, exports were negligible. In 1953, this country exported a little more than one million pounds, greasy basis, of mohair and in 1958 the U. S. exports of mohair totaled over 16 million pounds. The prospects appear favorable for continued exports of a large portion of the U. S. production of mohair through the 1960 marketing year as prices for mohair in South Africa have been rising during the current marketing season.

Domestic Use of Mohair: The U. S. mill use of mohair is no longer reported separately by the U. S. Bureau of the Census as to do so would disclose operations of individual companies. Hence, any measure of domestic use must be derived from reported production, exports, and imports. The domestic use of mohair derived in the manner described, for recent years is very small.

Wool and Mohair

Payment program: It is estimated that payments in the fiscal year 1961 (applicable to the 1959 marketing year and portions of the 1958 clip marketed in 1959) will be made on 251.9 million pounds of shorn wool amounting to \$52.9 million and on 11.0 million hundredweight of unshorn lambs amounting to \$9.2 million, or an aggregate of \$62.1 million. This compares with total payments of \$86.2 million anticipated during the fiscal year 1960 (applicable to the 1958 marketing year consisting of \$75.5 million payments made on 295.0 million pounds of shorn wool and \$10.7 million payments made on 10.5 million hundredweight of unshorn lambs). Actual payments made in the fiscal year 1959 applicable to the 1957 marketing year amounted to \$16.1 million consisting of \$12.6 million payments on 152.2 million pounds of shorn wool and \$3.5 million payments on 10.5 million hundredweight of unshorn lambs.

No payments on mohair are anticipated in fiscal years 1960 and 1961, and none have been required in past years.

SPECIAL ACTIVITIES, Loans to Secretary of Agriculture
for Agricultural Conservation Purposes

SUMMARY OF LATEST OPERATIONS:

Objective: To provide funds for the purchase of conservation materials and services from January 1 to June 30 of each year in advance of the appropriations therefor.

Operations: The Corporation is required to lend to the Secretary of Agriculture, such sums not to exceed \$50,000,000 as are required during each fiscal year, to make advances pursuant to the applicable provisions of sections 8 and 12 of the Soil Conservation and Domestic Allotment Act, as amended, in connection with programs applicable to crops harvested in the calendar year in which such fiscal year ends. Repayment of the loan plus interest at a rate equal to the cost of money to the Corporation is made as soon as practicable in the succeeding fiscal year from appropriated funds.

Authority: Section 5 (g) of the Commodity Credit Corporation Charter Act (15 U. S. C. 714c) and section 391 (c) of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1391).

BASIS OF ESTIMATE:

It is estimated that \$19.2 million will be loaned to the Secretary during the fiscal year 1961 for the purchase of conservation materials and services compared with loans of \$38.2 million anticipated for the fiscal year 1960 and actual loans in the fiscal year 1959 of \$40.0 million. Repayments on prior year loans during the fiscal year 1961 are estimated at \$30.8 million compared with anticipated repayments of \$36.9 million in the fiscal year 1960 on prior-year loans and actual repayments in the fiscal year 1959 of \$33.0 million of prior-year and current loans.

SPECIAL ACTIVITIES, Military Housing (Public Law
161, barter and exchange)

SUMMARY OF LATEST OPERATIONS:

Objective: To exchange \$50 million worth of Commodity Credit Corporation-owned farm products for houses to be built in France for use of American Armed Forces personnel.

Operations: During fiscal year 1957 a contract was completed for the barter through a United States exporter of CCC-owned commodities for construction of about 700 units of military housing in France by a French firm under contract with the Department of Defense. The value of the agricultural commodities is carried by CCC as a receivable from the contractor, and is to be redeemed by certificates used as a basis for establishing a receivable from the Department of Defense. This will be liquidated over a period of approximately 17 years after occupancy by the payment to CCC of net rental receipts and quarters allowances.

Authority: Section 407 of Public Law 765, 83rd Congress, as amended by Section 507 of Public Law 161, 84th Congress.

BASIS OF ESTIMATE:

It is estimated that \$6.9 million will be applied to construction in the fiscal year 1960 completing the housing units planned. During the fiscal year 1959, \$31.5 million was so applied. Since housing began being occupied in the spring of 1959, rental receipts during 1960 are estimated at \$1.5 million and are expected to increase to \$3.0 million in the fiscal year 1961.

SPECIAL ACTIVITIES, Transfer of Long-Staple
Cotton from National Stockpile for Sale by
Commodity Credit Corporation

SUMMARY OF LATEST OPERATIONS:

Objective: To dispose of extra long staple cotton from the national stockpile by transfer to CCC inventories for sale.

Operations: Effective July 31, 1957, General Services Administration transferred to the Commodity Credit Corporation at no cost 50,000 bales of extra long staple cotton for sale in accordance with the minimum pricing provision of section 407 of the Agricultural Act of 1949, as amended. Proceeds, less costs incurred, including administrative expenses, will be covered into the Treasury as miscellaneous receipts.

Authority: Public Law 85-96 (71 Stat. 290).

BASIS OF ESTIMATE:

Based on the current market situation and the disposal plans for stockpile cotton, it is estimated that one thousand bales of extra long staple cotton will be sold during each of the fiscal years 1960 and 1961 compared with 2.1 thousand bales sold in the fiscal year 1959. The remainder will be sold in subsequent years. Proceeds from such sales in each of the fiscal years 1960 and 1961 are estimated at \$250 thousand compared with \$590 thousand in fiscal year 1959. After deducting applicable charges and expenses it is estimated that net proceeds will be deposited into the Treasury as miscellaneous receipts during the fiscal years 1960 and 1961 thereby reflecting no net expenditures for this program in fiscal year 1961. At the end of 1959, \$86 thousand was due to the Treasury and was paid in the fiscal year 1960.

Operating Results and Retained Earnings

Operations described in the foregoing resulted in a net budget expenditure of \$4,461 million in 1959. It is estimated that such operations will result in net budget expenditures of \$3,500 million in 1960 and \$3,906 million in 1961. The net loss for 1959, including both realized losses of \$1,207 million and net increases in valuation allowances of \$605 million, amounted to \$1,812 million applicable only to price support, supply and related programs and special milk. It is estimated that such net losses of \$2,158 and \$1,996 million will be incurred in 1960 and 1961 respectively.

Pursuant to the act of March 8, 1938, as amended (15 U. S. C. 713a-1), an appraisal of the assets and liabilities of the Corporation is made each year by the Secretary of the Treasury to determine net worth. If the net worth is less than \$100,000,000 the Secretary of the Treasury restores the amount of capital impairment; if net worth is more than \$100,000,000 the Corporation pays the surplus to the Treasury (15 U. S. C. 713a-2). The appraisal is on the basis of realized losses and the amount of capital impairment determined thereby is the amount of realized loss incurred in the period since that covered by the last restoration.

There was a deficit of \$5,763,087,335 on the books of the Corporation as of June 30, 1959. This deficit is composed of \$3,020,661,928 valuation reserves established against the assets of the Corporation as of June 30, 1959 and unrecovered realized losses for fiscal years 1958 and 1959 of \$1,535,424,413 and \$1,207,000,994, respectively.

Of realized loss for fiscal year 1958, \$1,435,424,413 was restored by the Department of Agriculture Appropriation Act, 1960 after June 30, 1959. The 1961 Budget anticipates a supplemental appropriation in fiscal year 1960 to effect the restoration of the \$100 million of unrecovered 1958 loss and \$575 million of the 1959 loss. The requested 1961 appropriation of \$1,325 million includes the unrecovered \$632,000,994 of 1959 loss and partial restoration of \$692,999,006 of the estimated 1960 loss of \$1,867,750,000. Actual losses in 1960 through Dec. 31, 1959 amounted to \$770,808,590.

Costs applicable to special activities financed by CCC are reimbursed to the Corporation by special appropriations and are discussed under "Reimbursement to CCC for Costs of Special Activities".

Financial Condition

The Corporation's assets, which consist principally of price support loans receivable and inventories but excluding amounts recoverable from special appropriations, were valued at \$6.418 billion as of June 30, 1959, and are estimated at \$6.539 billion as of June 30, 1960 and \$6.875 billion as of June 30, 1961. The estimated increase in assets as of June 30, 1961, over June 30, 1960, principally represents an increase of \$632 million in the estimated net value of inventories, offset by a \$310 million decrease in loans receivable. Other net changes are in relatively small amounts.

The changes in the Corporation's assets are also reflected in its principal liabilities and investment of the United States Government. Outstanding borrowings from the Treasury are estimated to amount to \$12.970 billion as of June 30, 1960, and \$14.032 billion as of June 30, 1961. Other liabilities of the Corporation, principally price support loans and certificates held by banks, amounted to \$806 million as of June 30, 1959; it is estimated that these liabilities will amount to \$939 million as of June 30, 1960 and \$834 million as of June 30, 1961.



(a) Restoration of Capital Impairment,
Commodity Credit Corporation

Appropriation Act, 1960, and base for 1961	
(to partially restore 1958 realized losses)	\$1,435,424,413
Budget Estimate, 1961 (to complete restoration of 1959	
losses and partially restore 1960 realized losses)	<u>1,325,000,000</u>
Decrease	<u>-110,424,413</u>

PROJECT STATEMENT

Project	: Appropriation, 1959	: Appropriation, 1960	: Decrease	: Budget Estimate, 1961 (to complete 1959 restoration and for partial 1960 restoration)
	: (restoration of 1957 losses)	: (partial restoration of 1958 losses)		
Restoration of capital impairment	:\$1,760,399,886	:\$1,435,424,413	:-\$110,424,413	:\$1,325,000,000

NOTE: A 1960 supplemental appropriation of \$675,000,000 is anticipated to complete the restoration of 1958 losses and for partial restoration of 1959 realized losses.

Basis of Estimate

The 1961 budget estimate of \$1,325,000,000 is proposed in order to minimize the need for an increase in the Commodity Credit Corporation's statutory borrowing authority in the fiscal year 1961.

The following tabulation relates net realized losses for fiscal years 1957, 1958, 1959 and a part of fiscal year 1960 to the years in which appropriations were made or are estimated to be made, in order to restore the capital impairment resulting from the Corporation's activities:

(millions)					
Appropriations	Fiscal Year in Which Realized Losses are Incurred				Total, actual or estimated appropriation
	: 1957	: 1958	: 1959	: 1960	
Appropriation Act, 1959	:\$1,760.4	- -	- -	- -	\$1,760.4
Appropriation Act, 1960	- -	:\$1,435.4	- -	- -	1,435.4
Anticipated Supplemental, 1960 ..	- -	100.0	\$575.0	- -	675.0
Subtotal, 1960 Appropriations ..	- -	1,535.4	575.0	- -	2,110.4
Budget Estimate, 1961	- -	- -	632.0	\$693.0	1,325.0
Total	1,760.4	1,535.4	1,207.0	a/693.0	xxx

a/ The remainder of the actual realized losses for the fiscal year 1960 will be requested in future appropriations.

As will be noted from the above tabulation, a supplemental appropriation in the fiscal year 1960 is anticipated in the amount of \$675 million, consisting of the \$100 million of the 1958 actual losses which have not yet been restored and \$575 million (representing a part of the total of \$1,207 million) of the 1959 actual realized losses. The proposed supplemental is in the light of current projections of demands on the Corporation's borrowing authority during the current fiscal year. Because of the large size of the Corporation's operations and the many unpredictable factors which affect its financial condition, an adequate safe operating margin is essential. The supplemental appropriation would assure the Corporation's ability to continue its mandatory price support activity.

Assuming approval of this supplemental, the remainder of the 1959 actual losses, amounting to \$632 million, is proposed for restoration in the 1961 budget estimate for the fiscal year 1961. Projections of demands on the Corporation's borrowing authority in use indicate that by April 1961 the Corporation's \$14.5 billion borrowing power would be exhausted. Therefore, the budget estimate proposes the partial restoration (\$693 million) of the estimated capital impairment for 1960. Actual losses in the fiscal year 1960 through December 31, 1959, total \$770,808,590.

The following table shows, by months, the estimated status of the Corporation's borrowing authority through the fiscal year 1961:

Estimated Status of \$14.5 Billion Statutory Borrowing Authorization
Fiscal Years 1960 and 1961

(millions of dollars)

Month	Assuming no accelerated restoration of impairment:										Borrowing authority in use after restoration of 1959 and 1960 available: partial impairment:	Adjusted balance 1959 and 1960 available
	Borrowing Authority in Use			Balance available or additional authority	Restoration: of 1959 capital: impairment:		Restoration: of 1960 estimated impairment:		Borrowing authority in use after restoration of 1959 and 1960 available: partial impairment:			
	Regular Activities:	Special Activities:	Total	required (-)	of 1959 capital: impairment:	of 1960 estimated impairment:	of 1960 estimated impairment:					
Fiscal Year 1959												
June, 1959 (actual)	\$11,373	\$1,731	\$13,104	\$1,396	-	\$13,104	\$1,396	-	\$13,104	\$1,396		
Fiscal Year 1960												
July, 1959 (actual)	10,082	556	10,638	3,862	-	10,638	3,862	-	10,638	3,862		
August (actual) ..	10,181	662	10,843	3,657	-	10,843	3,657	-	10,843	3,657		
September (actual)	10,353	767	11,120	3,380	-	11,120	3,380	-	11,120	3,380		
October (actual) ..	10,685	720	11,405	3,095	-	11,405	3,095	-	11,405	3,095		
November (actual) .	10,861	960	11,821	2,679	-	11,821	2,679	-	11,821	2,679		
December	11,385	1,072	12,457	2,043	-	12,457	2,043	-	12,457	2,043		
January, 1960	11,829	1,328	13,157	1,343	-	13,157	1,343	-	13,157	1,343		
February	11,905	1,448	13,353	1,147	-	13,353	1,147	-	13,353	1,147		
March	11,966	1,566	13,532	968	\$675	12,857	1,643	-	12,857	1,643		
April	12,033	1,692	13,725	775	675	13,050	1,450	-	13,050	1,450		
May	12,076	1,841	13,917	593	675	13,242	1,258	-	13,242	1,258		
June	12,029	2,030	14,059	441	675	13,384	1,116	-	13,384	1,116		
Fiscal Year 1961												
July, 1960	11,477	593	12,070	2,430	632	11,438	3,062	\$693	10,745	3,755		
August	11,508	703	12,211	2,289	632	11,579	2,921	693	10,886	3,611		
September	11,793	823	12,616	1,884	632	11,984	2,516	693	11,291	3,209		
October	12,158	946	13,104	1,396	632	12,472	2,028	693	11,779	2,721		
November	12,458	1,033	13,491	1,009	632	12,859	1,641	693	12,166	2,334		
December	12,881	1,118	13,999	501	632	13,367	1,133	693	12,674	1,826		
January, 1961	13,286	1,316	14,602	-102	632	13,970	530	693	13,277	1,223		
February	13,445	1,468	14,913	-413	632	14,281	219	693	13,588	912		
March	13,458	1,597	15,055	-555	632	14,423	77	693	13,730	770		
April	13,561	1,740	15,301	-801	632	14,669	-169	693	13,976	524		
May	13,609	1,907	15,516	-1,016	632	14,884	-384	693	14,191	309		
June	13,574	2,054	15,628	-1,128	632	14,996	-496	693	14,303	197		



Approval of the budget estimate and the proposed supplemental for the fiscal year 1960 will enable the Corporation to carry out its authorized activities without the necessity of increasing its borrowing power.

Analysis of Realized Losses, Fiscal Years 1958 and 1959

The net decrease of \$110,424,413 in 1961 results from the comparison with the appropriation for 1960 of the estimate for 1961, on the basis of the restorations requested as discussed above. There follows an explanation of the change in realized losses, 1959, compared with 1958:

Realized losses 1959 compared with 1958:

Realized losses, 1958	\$1,535,424,413
Realized losses, 1959	<u>1,207,000,994</u>
Decrease	<u>-328,423,419</u>

The decrease of \$328,423,419 reflects less actual losses sustained by CCC during 1959 compared with 1958. Two items account for the decreased losses. Price support losses on cotton during 1959 were \$179 million less than for 1958 and interest costs were \$175 million less. All other increases and decreases in losses amount to a net increase of \$26 million.

Price support losses incurred during the fiscal year 1959 were \$805 million of the total losses of \$1,207 million. The price support losses include \$302 million incident to donations of commodities, \$499 million due to losses on sales, and miscellaneous program expense of \$4 million. In addition to the price support losses, the Corporation sustained losses during 1959 of \$207 million attributed to other programs, principally the commodity export program (\$132 million) and the special milk program for children (\$75 million). The balance of the losses include interest, administrative and other (net) costs of about \$195 million not distributed by programs. The following statement shows a comparison of 1958 and 1959 losses by programs and commodities.

COMMODITY CREDIT CORPORATION
Comparison of Realized Losses and Gains
(million dollars)

Program and Commodity	1960 (1958 Impairment)	Increase or Decrease	1961 (1959 Impairment)
Price support program:			
Basic commodities:			
Corn	\$176	+ \$58	\$234
Cornmeal	28	- 6	22
Cotton	280	- 179	101
Peanuts	11	+ 6	17
Rice	18	+ 14	32
Tobacco	4	- 2	2
Wheat	44	+ 36	80
Wheat flour	83	- 4	79
Total basic	644	- 77	567
Mandatory nonbasic commodities:			
Honey	-	a/	a/
Butter (including oil)	22	+ 19	41
Cheese	81	- 54	27
Milk, nonfat dry	112	- 7	105
Armed Services and Veterans Milk ...	30	- 7	23
Wool	6	- 6	a/
Other	a/	+ 2	2
Total mandatory nonbasic	251	- 53	198
Other nonbasic commodities:			
Barley	38	- 31	7
Beans, dry edible	3	- 3	a/
Cottonseed products	1	-	1
Flaxseed and linseed oil	16	- 14	2
Oats	15	- 11	4
Rye	3	- 3	a/
Sorghums, grain	23	+ 3	26
Soybeans	2	+ 4	6
Other	a/	a/	a/
Total other nonbasic	101	- 55	46
Strategic materials	11	- 17	6*
Total price support program	1,007	- 202	805
Commodity export program	101	+ 31	132
Other programs	6*	+ 6	a/ *
Interest (net)	322	- 175	147
Administrative and other (net)	44	+ 4	48
Total, price support and related programs	1,468	- 336	1,132
Special milk program for children	67	+ 8	75
Total realized losses	1,535	- 328	1,207

a/ Less than 1/2 million.

* Denotes gains.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

To partially restore the capital impairment of the Commodity Credit Corporation determined by the /appraisal/ appraisals of June 30, /1958/ 1959, and June 30, 1960, pursuant to section 1 of the Act of March 8, 1938, as amended (15 U.S.C. 713a-1), / \$1,435,424,413/ \$1,325,000,000.

The proposed changes would provide for the partial restoration of 1959 and estimated 1960 capital impairments as discussed above under the heading "Basis of Estimate," immediately following the Project Statement.

(b) Administrative Expenses, Commodity Credit Corporation

Appropriation Act, 1960	\$42,000,000
Proposed increase in limitation, 1960	800,000
Base for 1961	42,800,000
Budget Estimate, 1961	48,428,000
Increase	<u>5,628,000</u>

SUMMARY OF INCREASES, 1961

Increase in estimated price support operations	\$845,500
Increase for services in connection with donation of CCC commodities abroad under Sec. 416, Agricultural Act of 1949, as amended	1,066,000
For employee health benefit costs pursuant to Public Law 86-382	326,500
Increase to provide a contingency reserve to enable the Corporation to meet unforeseeable increases in workload	3,390,000

PROJECT STATEMENT

Project	1959	1960 (estimated)	Increase or Decrease Health Bene- fit Costs : (PL. 86-382):	Other	1961 (estimated)
1. Price support program	\$34,639,276	\$38,161,100	\$299,900	\$911,500	\$39,372,500
2. Commodity export pro- gram	1,333,551	1,695,600	13,100	- -	1,708,700
3. Storage facilities pro- gram	1,643,056	1,750,200	13,500	- -	1,763,700
4. ICA services incident to donations of com- modities under Section: 416, Agricultural Act of 1949	- -	- -	- -	1,000,000	1,000,000
5. Special milk program	640,500	658,100	- -	- -	658,100
Subtotal a/	38,256,383	42,265,000	326,500	1,911,500	44,503,000
Unobligated balance and contingency reserve ...	1,343,617	b/535,000	- -	3,390,000	3,925,000
Total employee health benefit costs (P.L. 86-382):	1 - - 7	1 - - 7	1336,167	1 - - 7	1336,167
Subtotal	39,600,000	42,800,000	326,500	5,301,500	48,428,000
Proposed supplemental to increase the limitation for 1960, included above:	- -	-800,000			
Total limitation or estimate	39,600,000	42,000,000			

a/ Represents obligations. Applied costs for 1959 are \$37,599,045. The difference

of \$657,338 reflects, primarily, adjustments of prior year obligations and the excess of printing orders made in 1959 over printing received during that year.

- b/ The limitation includes \$535,000 applicable to the \$1,000,000 special limitation for sales expansion, which it is estimated will not be obligated in fiscal years 1960 or 1961.

INCREASES

The increase of \$5,301,500 for administrative expenses of the Commodity Credit Corporation consists of:

- (1) An increase of \$1,911,500 in programs in 1961 as follows:

(a) An increase of \$845,500 for price support activities. This includes an increase of \$715,500 because of the estimated increase in the overall volume of price support operations.

The heavy workload volume of the new cotton purchase program, which was begun in 1960 is expected to continue in 1961. It is estimated that price support will be extended on about 10.4 million bales of cotton during each of the fiscal years 1960 and 1961. This is a 53% increase over the 6.8 million bales on which price support was extended on cotton during the fiscal year 1959. Sales of cotton are expected to exceed 10 million bales for 1960 and nearly as much in 1961, or about four times the volume of cotton sales during the fiscal year 1959. Acquisitions of cotton through loan forfeitures in 1961 will be about 6 million bales less than for 1960 reflecting the preponderance of producers electing Choice A providing for purchases rather than Choice B, a loan program.

Acquisitions of grains in 1961 are estimated to be heavier than in 1960 because of a 384 million bushel increase (up 146%), in corn forfeitures principally from the 1959 corn crop loans. Wheat loans, acquisitions and disposals in 1961 are also expected to exceed those in 1960. Offsetting these workload elements are estimated decreases in 1961 on corn loans made and relatively minor increases and decreases in other commodities.

There is one phase of administrative workload which will increase in 1961 that is not reflected in overall comparisons of price support operations. This has to do with reconcentrations--the normal movement of commodities from country to terminal warehouses. These movements from producing to consuming areas are required to make space available to producers for storing new crops. The volume of these movements is dictated by the quantities of commodities taken over by CCC in settlement of loans on the previous year's crops and the general availability of storage space in producing areas. During the fiscal year 1959, CCC acquired 1.2 billion bushels of grain when storage space was fairly tight in some areas. As a result it was necessary to reconcentrate approximately 543 million bushels of grain. During the current fiscal year it is estimated that CCC will acquire 794 million bushels of grain. With this reduced volume of acquisitions together with the availability of recently constructed commercial storage space, particularly in wheat areas, it is estimated that only 253 million bushels of grain will be reconcentrated in 1960. It is expected that during the fiscal year 1961 CCC will acquire 1.1 billion bushels of grain--334 million bushels more than in the current fiscal year. Most of this increase will occur in corn areas, where loans are predominately on farm-stored grain, and in

order to assure adequate storage for the next crop it is estimated that reconcentrations will increase to 648 million bushels, more in line with 1959 operations. This is pointed up by current estimates of carry-over stocks of grain. The indicated carry-over stocks of all grains at the beginning of the 1961 marketing year is 4.3 million bushels. This is 361 million bushels more than at the beginning of the current marketing year for which storage space must be located.

The increased volume of reconcentrations of grain requires additional operations involving heavy use of man power in the commodity offices, including issuing loading orders, making settlements with warehousemen, verifying weights and grades of commodities and follow-up to assure that the commodities ordered to be moved have been loaded out of one storage location and into a new location.

The following table reflects the various price support operations for the major commodities for 1959, and the estimated volume for each of the fiscal years 1960 and 1961.

Major Commodities	1959	1960	1961
	Actual	Estimate	Estimate
(In thousands)			
1. Loans Made			
Corn (bu.)	374,306	768,000	460,000
Cotton (bales)	6,832	298	290
Wheat (bu.)	571,311	340,278	400,000
Rice (cwt.)	8,306	9,500	9,500
Other grains (bu.) <u>1/</u>	575,772	336,136	335,850
2. Acquisitions			
Corn (bu.)	258,201	263,000	647,000
Cotton (bales)			
Purchase	- -	10,150	10,150
Forfeiture of loan	2,459	6,039	93
Wheat (bu.)	478,258	245,215	284,300
Rice, Rough (cwt.)	6,535	9,023	8,995
Other grains (bu.) <u>1/</u>	420,885	258,117	168,233
Dairy products (lbs.)	917,129	805,000	790,000
3. Dispositions			
Corn (bu.)	242,557	228,676	226,000
Cotton (bales)	2,484	10,558	9,855
Wheat (bu.)	166,604	153,500	156,500
Rice, Rough (cwt.)	9,394	9,006	8,995
Other grains (bu.) <u>1/</u>	172,788	279,116	191,300
Dairy Products (lbs.)	1,101,311	904,117	790,000
4. Ending Inventories			
Corn (bu.)	1,043,676	1,078,000	1,499,000
Cotton (bales)	1,049	6,680	7,068
Wheat (bu.)	1,146,576	1,238,291	1,366,091
Rice, Rough (cwt.)	4,983	5,000	5,000
Other grains (bu.) <u>1/</u>	716,589	695,590	672,523
Dairy Products (lbs.)	234,117	135,000	135,000

1/ Includes barley, dry edible beans, flaxseed, oats, rye, sorghums and soybeans.

Administrative expenses. The impact of program volume is reflected in the operations and financial requirements of the 7 CSS Commodity Offices in the field. The workload and expenses of these offices vary in relationship to the volume of commodities handled and are computed on the basis of a detailed work measurement system. The major portion of the workload is comprised of the transactions relating to the acquisition, management and disposition of inventories. It consists of the negotiation and allocation of storage space, inspections of storage facilities and commodities, payments of warehouse charges and amounts due on settlements of loading orders, issuance and control of loading orders for the disposition and reconcentration of commodities, handling of bills of lading, negotiation and allocation of storage space, inspections of storage facilities and commodities, payments of warehouse charges and amounts due on settlements of loading orders, issuance and control of loading orders for the disposition and reconcentration of commodities, handling of bills of lading, payment of freight bills, and negotiations, payments and billings in connection with the purchase and sale of these commodities. The detail of this workload stated in terms of volume, detailed activities, personnel and other requirements is reflected in Tables I and II.

Also included in the estimate is an increase of \$130,000 for audits of operations of sales and purchase agents under the cotton program. In making price support available to producers of 1959 and 1960 cotton crops, the new cotton program has required the signing of agreements with thousands of purchase and sales agents. Price support programs for previous crops involved loans only and there was no need for purchase and sales agents. All sales were made exclusively by the New Orleans Commodity Office. Audit of the operations of the purchase and sales agents, which began in the latter half of the fiscal year 1960, will continue on a full year basis in fiscal year 1961. It is estimated that 11,000 sales and purchase agents will be authorized to act in behalf of CCC on more than 10 million bales of cotton estimated to be purchased and on nearly 6 million bales of cotton estimated to be sold. With so much of the cotton purchases and sales to be handled through agents, an effective audit program is necessary for the protection of producers and the Corporation.

(b) An increase of \$1,066,000 for services in connection with the donation of CCC commodities abroad under Section 416 of the Agricultural Act of 1949, as amended.

Under Section 416 of the Agricultural Act of 1949, as amended, CCC commodities are donated to nonprofit voluntary agencies registered with the International Cooperation Administration for assisting needy persons outside of the United States. Since the Department of Agriculture has no facilities abroad for adequately handling a program of this nature, it utilizes the services and facilities of the International Cooperation Administration.

In the past, this work has been performed by ICA on a minimum basis. The review and audit of operations, in foreign countries particularly, is receiving limited coverage to the extent overseas employees of ICA are able to devote time to this work from their other responsibilities. In recent years there has been a substantial increase in the volume of commodities donated and the number of recipient countries has expanded considerably.

Therefore, the 1961 budget proposes an increase of \$1,000,000 to be transferred to the International Cooperation Administration to materially strengthen the administration, audit and review of this program, particularly overseas. The functions performed by ICA include screening and approving donation programs

submitted by United States voluntary agencies, issuing instructions, and--through its overseas missions and diplomatic posts--supervising, reviewing and auditing the operations of the voluntary agencies in the foreign countries.

The following table reflects the substantial increase in the volume of activities under this program in recent years.

Foreign Donations under Section 416
Fiscal Years 1953 through 1959

Fiscal Year	Pounds	Cost	Participating Countries
	(Millions)		
1953	24.1	\$4.3	15
1954	183.9	69.6	39
1955	532.0	197.2	57
1956	1,200.7	302.5	84
1957	1,727.9	253.7	85
1958	1,972.9	272.5	85
1959	1,867.2	209.8	91

With the expansion of this program there has been some increase in the number of instances reported containing information that commodities had spoiled, were misused, or were delivered to improper recipients. Some of these commodities have been reported as having been sold under black market conditions. Corrective action is taken whenever such conditions are reported. However, without an adequate staff to review these operations periodically there is no way of knowing whether such conditions are isolated or widespread. Further, the effort presently devoted to this type of review is so small that it cannot be considered as a deterrent.

This program now involves commodities valued at between \$200 and \$300 million annually, in approximately 85 to 90 countries. It is essential that operations be conducted in a manner that does not discredit the reputation of the United States.

A minor portion of this increase in funds will be used to strengthen procedures and working relations with the U. S. voluntary agencies. Most of the increased funds, however, will be used by ICA to establish a system for an orderly audit and review of the distribution of commodities in the foreign countries.

The Agricultural Marketing Service is responsible within the Department of Agriculture for the overall administration of the Section 416 activities. With respect to donations abroad, this includes working with ICA on instructions, regulations, the review of program plans of the voluntary relief agencies and the maintenance of records of approved programs and the preparation of periodic reports relating thereto. For several years the small administrative costs attributable to the foreign donation program were paid from Section 32 funds in order to simplify administrative procedures and operations. This was explained in the 1957 budget estimates. It has now been determined that all expenses with respect to Section 416 donations abroad should be charged to the funds of the Commodity Credit Corporation. Therefore, \$66,000 of the increase for 1961 will be made available to the Agricultural Marketing Service to cover its responsibilities for the foreign donation program under Section 416. Costs relating to domestic donation programs under Section 416, as well as Section 32 programs, will continue to be charged to Section 32 funds.

(2) An increase of \$3,390,000 to continue the provision for contingency reserve of 7%. The language of the current administrative expense limitation contains provision for a contingency reserve of not less than 7% and it is proposed that provision for a similar contingency reserve be included for the fiscal year 1961 to be made available for use only on approval of the Bureau of the Budget. The administrative expense requirements of the Commodity Credit Corporation vary in relationship to the volume of commodities placed under price support, acquired and disposed of. Since the volume of loan and inventory operations is to a large extent unpredictable, it follows that an estimate of administrative expense requirements based on such tentative program estimates must of necessity also be highly tentative.

There are many factors contributing to the uncertainty of the program volume estimates upon which this estimate of administrative expense requirements is based. Of major importance is the fact that 1960 crops from which a large portion of the program volume will occur during the fiscal year 1961 have not as yet been planted.

In addition to the inability to estimate definitely the volume of future production in the United States, the operations of the Corporation are also influenced by other uncertainties (which cannot be forecast in advance of the time of their occurrence) such as agricultural production abroad and changes in domestic and world economic conditions. To illustrate, a change of a few cents in the market price of a commodity at harvest time would have an immediate impact on the volume of loans made. A change of a few cents during the loan period may have considerable bearing on the volume of redemptions or collateral acquired by the Corporation. Also favorable yields in just one or two states can change the storage situation in a matter of days and require unanticipated movement of commodities to provide cover for current production.

Aside from the unpredictable volume of operations, price support is mandatory for the bulk of commodities and the Corporation cannot control the volume of loans and purchases made. Provision should be made for handling additional workload in the event program volume exceeds current estimates. The reserve for Commodity Credit Corporation funds is extremely important and should be continued.

(3) An increase of \$326,500 is required to meet employee health benefit costs under Public Law 86-382 applicable to the base for 1961. A full explanation of health benefit cost estimates appears in the "Preface" at the beginning of the Explanatory Notes.

UNITED STATES DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

Table I

Estimated Volume of Commodities - Commodity Credit Corporation
Fiscal Years 1960 and 1961

	All Commodities Except Cotton		Cotton	
	1960	1961	1960	1961
I. <u>LOAN ACTIVITY</u>	Carlots		1,000 Bales	
A. Loans Made	792,968	660,507	298	290
B. Loans Repaid	208,220	223,097	283	205
C. Loans Forfeited:				
1. Warehouse stored	187,993	177,686	6,039	93
2. Farm stored	202,353	372,741	—	—
II. <u>INVENTORY MANAGEMENT</u>				
A. On Hand Beginning of F. Y.	1,587,269	1,639,288	1,049	6,680
B. Additions:				
1. Purchases	57,603	56,469	10,150	10,150
2. Purchase agreement deliveries	24,005	27,583	—	—
3. Forfeiture of collateral	397,903	573,261	6,039	93
4. Exchanges	6,120	6,120	—	—
5. Transfers	70,021	70,021	—	—
6. From processing	1,708	875	—	—
Total Additions	557,360	734,329	16,189	10,243
C. Dispositions:				
1. Sales	379,143	327,512	10,558	9,855
2. Donations	47,697	47,456	—	—
3. Exchanges	6,120	6,120	—	—
4. Transfers	70,021	70,021	—	—
5. To processing	2,360	1,250	—	—
Total Dispositions	505,341	452,359	10,558	9,855
D. On hand end of F. Y.	1,639,288	1,921,258	6,680	7,068
III. RECONCENTRATIONS	135,330	355,566	3,500	2,500
IV. PURCHASE AGREEMENTS MADE	82,936	78,652	—	—



CSS COMMODITY OFFICES
CONVERSION OF PROGRAM VOLUME TO WORK UNITS, LABOR AND FUND REQUIREMENTS

TABLE II

WORK ITEM NO.	ACTIVITY	UNIT OF MEASURE	F. Y. 1960		F. Y. 1961	
			Production Rate-M.Y.	No. Units Man-years	Production Rate-M.Y.	No. Units Man-years
	DIRECT LABOR		262 days		261 days	
	PROGRAM ACTIVITIES					
	I. Inventory Management					
	A. Storage and Maintenance					
01	1. Commercial	Contract Documents	838	35,000	835	35,000
02	b. Inspection	Examination Report	1445	70,619	1444	70,619
03	(1) By Commodity Office	Lot	7,781	19,095	7,752	19,095
04	(2) By Other Agencies	Examination Report	3,118	13,212	3,106	13,212
05	(3) Other					
06	c. Payment of Storage and Related Charges	Invoice	119	9,009	118	9,009
07	(1) Cotton	Invoice	2,358	84,034	2,349	84,034
08	(2) Other Commodities	Carlot	3,720	580,099	3,706	581,922
09	(3) Loading Order Settlement	Reconcentration Order or Invoice	3,982	15,625	3,967	15,625
10	(4) Reconcentration Payment, Cotton	Invoice	2,682	93,338	2,672	93,338
11	(5) Other Services					
12	2. CCC-Owned Facilities: Bin Acquisitions, Installation, Equipment and Maintenance	Transaction	2,358	15,029	2,349	15,029
13	B. Movements and Transfers					
14	1. Delivery Instructions					
15	a. Loading Orders Issued	Carlot	5,319	580,099	5,298	751,922
16	b. Notices to Deliver	Bale	1,651	120,029	1,614	108,667
17	c. Reconcentration Orders Issued, Cotton	B/L or Delivery Receipt	48,496	3,500,000	48,311	3,500,000
18	2. Deliveries					
19	3. Freight Payments	Freight Bill	2,463	546,702	2,453	664,056
20	a. Cotton	Freight Bill	4,087	17,442	4,072	17,442
21	b. Other Commodities	Freight Bill	5,869	566,789	5,846	597,650
22	4. Post Audit of Freight Bills	Paid Freight Bill	22,977	283,395	22,890	298,825
23	5. Commodity Shipment Adjustments	Difference Card	5,659	144,816	5,638	152,733
24	C. Commodity Stocks on Hand	Warehouse Receipt	624,870	7,488,832	622,485	8,132,876
25	1. Commercial Storage	CCC Grain-55 (Line Items)	79,281	2,117,230	78,979	2,289,912
26	2. CCC Storage		15,537	159,975	15,477	159,975
27	II. Merchandising Activities					
28	A. Purchases	Bale	18,340	10,150,000	18,275	10,150,000
29	B. Sales, Donations, and Transfers	Carlot	1,389	57,603	1,383	56,469
30	Sales, Cotton	Carlot	2,620	496,861	2,610	444,989
31	By New Orleans Office	Bale	56,173	4,312,203	55,958	4,020,800
32	By Agencies	Bale	72,338	6,215,797	72,062	5,834,200
33	C. Proof of Exportation	Bale	379,114	440,100	379,114	440,100
34	D. Final Settlement Sales (Cotton)	Bale	244,420	1,924,000	243,487	1,630,000
35	E. Cotton Catalog (Preparation and Distribution)	Mat	3,537	51,900	3,524	51,900
36	F. Dual and Exchange Contracts	Carlot	3,825	12,240	3,811	12,240

CSS COMMODITY OFFICES
CONVERSION OF PROGRAM VOLUME TO WORK UNITS, LABOR AND FUND REQUIREMENTS

TABLE II

WORK ITEM NO.	ACTIVITY	UNIT OF MEASURE	F. Y. 1960			F. Y. 1961		
			Rate - M. Y.	No. Units	Man-years	Production Rate - M. Y.	No. Units	Man-years
			262 days			261 days		
III. Producers Transactions								
27	A. Loan Making	Bale 1/	38,697	1,844,165	147.7	38,550	292,000	7.6
	1. Centralized Loans	Note				8,639	999,666	115.7
28	2. De-Centralized Loans	CCC-296 and CCC-305	2,175	12,291	5.7	2,166	12,291	5.7
29	B. Certificates of Interest	Certificate	67,165	913,605	13.5	67,208	802,732	11.9
	C. Loan Liquidation	Bale	87,089	141,343	1.6	86,756	102,500	1.2
30	1. By Repayment	Repayment Record	10,297	323,500	31.4	10,257	357,960	34.9
31	a. Centralized Loans	Schedule	6,236	32,656	5.2	6,212	32,656	5.3
	b. De-Centralized Loans							
32	2. By Acquisition of Collateral	CCC-50	3,773	295,288	78.3	3,758	538,530	143.3
	a. Farm-stored	Bale	130,135	6,039,440	46.4	129,639	93,000	7
33	b. Warehouse stored	Warehouse Receipt	27,562	529,221	19.2	27,457	465,494	17.0
34	(1) Collateral Acquired	Bale	786,000	6,397,000	8.1	-	-	-
	(2) Equity Payments and Cotton Pooling							
	D. Purchase Agreements							
35	1. Purchase Agreements Made	CP-1	22,558	93,158	4.1	22,472	92,082	4.1
36	2. Purchase Agreement Deliveries	CCC-50	3,956	25,962	6.6	3,941	30,134	7.6
37	E. Settlements with Producers on Cotton Claims	Producers Settlement Statement	4,978	6,200	1.2	4,959	6,200	1.3
38	F. Allocation of Reconciliation Charges to Cotton Loans	Bale	36,104	1,200,000	33.2	35,966	120,000	3.3
39	G. Cotton Pool Distribution	Check or Statement	601,290	2,144,500	3.6	-	-	-
40	II. Acreage Reserve Program	Certificate	-	-	-	-	-	-
41	1. Conservation Reserve Program	Sight Draft	-	-	-	-	-	-
42	J. National Wool Act Program	Sight Draft	-	-	-	-	-	-
IV. Miscellaneous Program Activities								
43	A. Export Programs							
	1. Export Payments	Invoice or Certificate	1,755	132,454	75.5	1,749	130,385	74.5
44	2. Public Law 480 - Title I	Supplier's Invoice	943	11,022	11.7	940	11,022	11.7
45	3. Registration or Declaration of Export	Notice of Declaration	8,122	84,667	10.4	8,091	84,667	10.5
	B. Claims by and Against CSS							
46	1. Claims Determination, Review and Recordation	Claim Document	472	43,500	92.2	470	42,500	92.6
47								
48	3. Collection of Claims and Other Accounts Receivable	Receivable	2,489	149,655	60.1	2,480	149,655	60.3
49	C. Cash Receipts	Cash Item or Schedule	1,18,145	459,615	24.9	18,374	459,615	25.0
50	D. Reports							
51	1. Regular Reports	Report	314	15,942	50.8	313	15,942	50.9
52	2. Special Reports	Report	79	377	4.8	78	377	4.8
53	E. Recordation of Transit	Freight Bill or Suppl. Cert.	53,815	3,937,936	73.2	53,609	3,231,361	60.3
54	F. Emergency Grain Storage Fleet	Shiphold Inspection	419	21,690	51.8	418	21,690	51.9
55	Agency Approvals, Cotton	Agreements	917	11,000	12.0	914	11,000	12.0
56	Agency Field Insp. & Reconciling records	Time only	-	-	39.3	-	-	39.3
	Freight Forwarding Operations	Shipping Authorization	496	2,220	4.5	496	2,220	4.5
	Reconciliation	Time only	-	-	8.6	-	-	8.6

1/ Includes calling in of "form G" collateral.

CSS COMMODITY OFFICES
CONVERSION OF PROGRAM VOLUME TO WORK UNITS, LABOR AND FUND REQUIREMENTS

TABLE II

WORK ITEM NO.	ACTIVITY	UNIT OF MEASURE	F. Y. 1960		F. Y. 1961	
			Man-years	Man-years	Man-years	Man-years
	TOTAL PROGRAM ACTIVITIES:	Man-years		3,067.8		3,081.6
	ELECTRONIC DATA PROCESSING ACTIVITIES					
57	I. Feasibility Surveys	Man-years		13.2		13.2
58	II. Programming and Systems Development	Man-years		119.9		119.9
59	III. Computer Operations	Man-years		71.3		71.3
	TOTAL EDP ACTIVITIES	Man-years		204.4		204.4
	ADMINISTRATIVE ACTIVITIES					
60	I. Personnel Work	Man-years		58.6		58.6
61	II. Budget, and Management Analysis	Man-years		81.8		81.8
62	III. Mail and Messenger	Man-years		65.5		65.5
63	IV. Other Administrative Activities	Man-years		193.1		193.1
64						
	TOTAL ADMINISTRATIVE ACTIVITIES	Man-years		399.0		399.0
	TOTAL DIRECT LABOR, LESS LEAVE	Man-years		3,671.2		3,685.0
65	LEAVE, DIRECT LABOR	Man-years		587.4		589.6
	TOTAL DIRECT LABOR	Man-years		4,258.6		4,274.6
	INDIRECT LABOR (Including Leave)					
66	I. Supervisory	Man-years		156.0		156.0
67	II. Secretarial	Man-years		105.0		105.0
	TOTAL INDIRECT LABOR	Man-years		261.0		261.0
	TOTAL All Labor	Man-years		4,519.6		4,535.6
				Cost		Cost
	Average salaries			\$4,453		\$4,453
	Personal services			20,125,779		20,197,026
	Less Man-years equiv. overtime			-125.0		-165.0
	Total objects 02-15			5,989,439		6,633,692
	Total commodity offices (direct)			26,115,218		26,830,718
	Commodity office space rent and program printing					
	(paid by Washington)			2,757,519		2,757,519
	Total attributable to commodity offices			28,872,767		29,588,267
	Increase 1961 over 1960					+715,500

Operations entailed in carrying out CCC programs are as follows:

Program Formulation and Direction includes formulating the programs and program policies; developing the operating provisions of the various programs; providing for the dissemination of these provisions to producers and segments of industry involved; and determining and facilitating the means for storing, managing and disposing of commodities acquired as a result of price support operations. These operations are performed by the Board of Directors, the Advisory Board, the Administrator, the General Sales Manager of the Commodity Stabilization Service, and the CSS Commodity Divisions, and include continuous economic, analytical and other related work required on announced programs and on related commodities.

The Agricultural Act of 1949, as amended, provides mandatory price support for the six basic commodities -- corn, cotton, wheat, rice, peanuts and tobacco -- and for the specific nonbasic commodities -- tung nuts, honey, milk, butterfat, and the products of milk and butterfat. Price support for other commodities is discretionary, except that beginning with the 1959 crop, price support must be made available on oats, rye, barley and grain sorghums at a level determined by the Secretary of Agriculture as fair and reasonable in relation to the level of price support on corn. The level of support for designated nonbasic commodities and the need for the program as well as the level of support for other commodities must be predicated upon economic and other factors set forth in the Act of 1949. The impact of these programs upon the national economy must be carefully considered. It is necessary to make these analyses not only on those commodities involved in price support programs but also to keep under constant surveillance the whole area of competing and substitute commodities, in order to assure that price support operations will not disadvantageously affect the prices and marketing of such competing or substitute commodities. Actual operations in the field are carried out through the Commodity Stabilization Service Commodity Offices, and the Agricultural Stabilization and Conservation State and County Offices.

Fiscal, Transportation and Storage Services include (1) determining over-all financing, fiscal and accounting policy and pricing within approved policies, (2) determining over-all policy for custody, transportation and storing, and (3) assisting in the formulation of claims policies and procedures which insure the protection of the interests of the Corporation in the settlement of claims. Included also is the technical supervision of these functions and the maintenance of the general books and accounts of the Corporation and handling of financing arrangements for all operations of the Corporation.

These functions are performed by the Fiscal and Transportation and Storage Services Divisions and, in addition to providing operational data for the everyday management and conduct of the business, they enable the Corporation to comply with the multitude of prescribed fiscal, transportation and property accountability laws and regulations.

Audit, Compliance and Investigation Services are performed by the Internal Audit Division and the Compliance and Investigation Division to determine whether the funds of the Corporation have been properly accounted for and its affairs properly administered, to detect fraud or program violations, and to assist in criminal or civil litigation.

In addition to specific recoveries to the Government, resulting from fines, penalties, disallowed claims and collection of claims, this work has resulted in incalculable benefits derived from the factor of deterrence brought about through general knowledge that audits and investigations are being conducted.

Program Field Operations are carried out in the field primarily through seven Commodity Stabilization Service Commodity Offices and 48 State Agricultural Stabilization and Conservation Offices. They consist of accounting for loans, inventories and costs, and the storage, management and disposition of inventories of all commodities.

The amounts required by the CSS Commodity Offices during the fiscal years 1960 and 1961 were determined in the same manner as for previous years. The operating budgets for these offices for the current fiscal year have also been prepared in this manner. The method used is based upon the monthly "Work Status Report." This report reflects the actual number of documents (freight bills, loading orders, notes, etc.) processed, and the actual man-days required for such processing for each office. The estimated program volume to be handled by each office was converted into the number of documents to be processed during each fiscal year. On the basis of experience, as reflected in the "Work Status Report", the productivity rates expected to be attained were applied to the documents to be processed to determine the man-days required. This covered all of the expenses of these offices, except funds used for fixed operating costs such as supervisory personnel and costs other than personal services which were estimated on the basis of past experience.

Approximately 75% of total CCC administrative expenses is used for Program Field Operations, and the remaining 25% for the other three functions.

Purpose Statement

The principal objectives of the National Wool Act are to provide for the national security and promote the general economic welfare by encouraging the domestic production of approximately three hundred million pounds of shorn wool, grease basis, at prices fair to both producers and consumers, in a manner which will have the least adverse effects upon foreign trade.

Method and Support Level - To aid in carrying out these objectives, the Act authorizes an incentive payment program which provides a support level for shorn wool not in excess of 110 percent of parity. The support price for mohair is established at a level necessary to maintain approximately the same percentage of parity for mohair as for shorn wool, the deviation to be no more than 15 percent above or below the comparable percentage of parity at which shorn wool is supported.

The latest announced program applies to shorn wool and mohair and to unshorn lambs marketed during the marketing year April 1, 1960 through March 31, 1961. The announced support price for shorn wool is 62¢ per pound, grease basis, and 70¢ per pound for mohair. These incentive prices represent 86% and 74% of the October, 1959, parity prices for wool and mohair, respectively. The level of support for pulled wool will be so related to the shorn wool incentive price as to maintain normal marketing practices.

If average prices received by producers for their marketings of wool and mohair fall below the incentive price levels announced, payments will be made. These payments will be based on the percentage needed, in the case of each commodity, to bring the national average price received by producers up to the incentive price. The total of all such payments is limited to 70% of the accumulated totals, as of the date of such payments, of gross receipts from all duties collected on and after January 1, 1953, on wool and wool manufactures.

Referendum - In September, 1959, in a referendum called by the Secretary of Agriculture as provided in Section 703 of the National Wool Act, more than the required two-thirds of producers voting expressed approval of the Secretary's again entering into an agreement with the American Sheep Producers Council, Incorporated, for the conduct of an extensive advertising, sales promotion and market development program for wool, mohair, sheep, goats or the products thereof. The expense of this program is financed from deductions from the incentive payments due producers in each marketing year. The program is designed to improve and expand the market for the industry's products and ultimately to reduce the extent of Government price assistance required.

Financing - Capital funds of the Commodity Credit Corporation are used for incentive payments and other program costs. Section 705 of the National Wool Act provides for reimbursing the Corporation beginning with the 1956 fiscal year, for costs of the program by appropriating an amount equal to not to exceed 70% of the gross receipts from all duties collected on wool and wool manufactures in the calendar year preceding the beginning of each fiscal year.

	Appropriated, 1960	Budget Estimate, 1961
Appropriation (permanent)	\$50,050,313	\$51,000,000



(c) National Wool Act

Appropriation Act, 1960 and base for 1961	\$50,050,313
Budget Estimate, 1961	<u>51,000,000</u>
Increase in reimbursement to CCC	<u><u>949,687</u></u>

PROJECT STATEMENT

Project	1959	1960 (estimated)	Increase	1961 (estimated)
Reimbursement to Commodity Credit Corporation for expenditures under National Wool Act (Appropriation or estimate)	\$24,453,099	\$50,050,313	\$949,687	\$51,000,000

INCREASE

The increase of \$949,687 is the difference between the estimated maximum reimbursement authorized in the fiscal year 1961 and the amount of reimbursement in the fiscal year 1960 for expenses incurred under the National Wool Act during the fiscal year 1959 and prior years.

Incentive payments for the 1958 marketing year program -- made in the fiscal year 1960 -- are estimated to total \$86,230,000. This amount consists of estimated payments of \$75,520,000 on approximately 295,000,000 pounds of shorn wool, at an average rate of 25.6¢ per pound, and \$10,710,000 on unshorn lambs sold. Wool for unshorn lambs sold is supported on a basis comparable to that for shorn wool. Administrative expenses and interest charges are expected to bring the total costs of the wool program for the 1958 marketing year to \$93,511,000. For this and other amounts expended in prior fiscal years not previously reimbursed, the basic statute provides for reimbursement to the Commodity Credit Corporation to the extent of 70% of the duties on wool and manufactures estimated to be collected in the calendar year 1959. The amount of reimbursement in fiscal 1961 is estimated to be \$51,000,000.

Unrecovered balances will remain on the books of the Corporation as a receivable until subsequent appropriations become available. At the current rate of duties collected, it is anticipated that reimbursement for costs during the fiscal year 1960 (1958 marketing year), and for prior years not fully reimbursed, will not be effected until the fiscal year 1963.

The following tables show, by major activity, the Commodity Credit Corporation's costs, estimated reimbursements, and unrecovered balances:

Costs of the National Wool Act

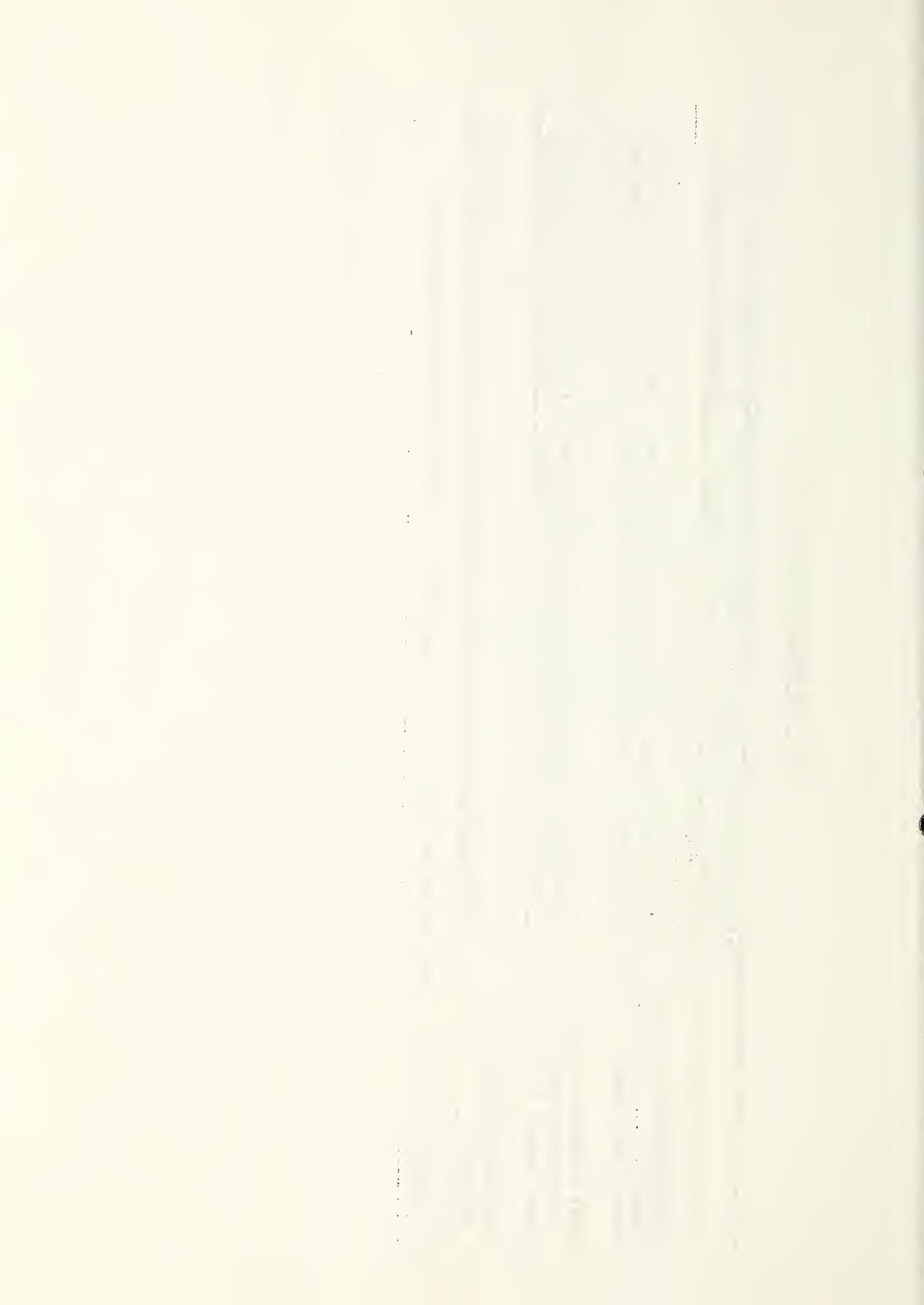
	Cumulative, F. Y. 1955-56	F. Y. 1957 (actual) Year	F. Y. 1958 (actual) Year	F. Y. 1959 (actual) Year	F. Y. 1960 (estimated) Year	F. Y. 1961 (estimated) Year	F. Y. 1962 (estimated) Year
	(actual)	(actual)	(actual)	(actual)	(estimated)	(estimated)	(estimated)
Volume of marketings:							
lbs. shorn wool	--	260,130,700:	248,823,100:	a/152,213,400:	295,000,000:	251,900,000:	254,900,000
cwt. unshorn lambs ...	--	9,718,500:	11,089,400:	a/10,515,600:	10,500,000:	11,000,000:	11,000,000
Incentive payments:							
per lb. shorn wool ...	--	19.2¢	17.7¢	8.3¢	25.6¢	21.0¢	19.0¢
per cwt. unshorn lambs	--	77.0¢	71.0¢	33.0¢	\$1.02:	84.0¢	76.0¢
Incentive payments:							
Shorn wool	--	\$50,013,650	\$44,041,689:	\$12,633,712:	\$75,520,000:	\$52,899,000:	\$48,431,000
Unshorn lambs	--	7,607,409	7,873,459:	3,470,164:	10,710,000:	9,240,000:	8,360,000
Total payments	--	57,621,059	51,915,148:	16,103,876:	86,230,000:	62,139,000:	56,791,000
Administrative expenses	\$2,193,464:	2,100,889	2,327,852:	2,749,559:	2,950,000:	2,950,000:	2,950,000
Interest expense	15,195:	1,570,404	2,939,448:	1,220,941:	4,331,000:	5,259,000:	5,799,000
Prior year adjustments (recoveries)	--	--	--	-48,549:	--	--	--
TOTAL	2,208,659:	61,292,352	57,182,448:	20,025,827:	93,511,000:	70,348,000:	65,540,000

a/ Net adjusted poundage.

Costs and Reimbursements to CCC

	F. Y. 1956	F. Y. 1957	F. Y. 1958	F. Y. 1959	F. Y. 1960	F. Y. 1961
	(actual)	(actual)	(actual)	(actual)	(estimate)	(estimate)
Unrecovered costs - prior years	:	:	:	:	:	:
Current year costs	\$187,684	\$2,020,975	\$61,292,352	\$88,803,121	\$84,375,849	\$127,836,536
	2,020,975	61,292,352	57,182,448	20,025,827	93,511,000	70,348,000
Total cumulative unrecovered costs	2,208,659	63,313,327	118,474,800	108,828,948	177,886,849	198,184,536
Reimbursement to CCC a/	187,684	2,020,975	29,671,679	24,453,099	50,050,313	51,000,000
Unrecovered balance end of year	2,020,975	61,292,352	88,803,121	84,375,849	127,836,536	147,184,536

a/ Limited to 70% of duties collected on wool and wool manufactures during preceding calendar year.



STATUS OF PROGRAM

Purpose - The objective of this program is to encourage an annual domestic production of approximately 300,000,000 pounds of shorn wool.

Operations - This is accomplished by incentive payments to eligible producers on a percentage basis reflecting the amount required to bring the national average received by all producers up to the announced incentive level. The incentive level shall not exceed 110% of parity. Pulled wool is supported, in a comparable relationship to shorn wool, by payments on the sale of lambs that have never been shorn. Mohair is supported at a level not in excess of 15% above or below the comparable percentage of parity at which shorn wool is supported.

The total of all payments may not at any time exceed an amount equal to 70% of the accumulated totals of the gross receipts from duties collected on and after January 1, 1953, on wool and wool manufactures under Schedule II of the Tariff Act of 1930, as amended. Payments are made through the Agricultural Stabilization and Conservation County Committees and are financed by the Commodity Credit Corporation. The Corporation is authorized to be reimbursed for any expenditures made under this program. However, such reimbursement for any fiscal year is limited to an amount equal to 70% of the gross receipts from duties collected on wool and wool manufactures during the period January 1 to December 31 preceding the beginning of such fiscal year.

The Agricultural Act of 1958 extended the National Wool Act to March 31, 1962. It also provided that 70% of all tariff duties (specific and ad valorem) collected from wool, instead of only the specific duties, could be used in making payments.

1958 Program

Payments under the 1958 program, estimated at \$86,230,000, the greater part of which was made early in the fiscal year 1960, were announced at 70.3% of the dollar returns each producer received from the sale of shorn wool during the 1958 marketing year, which would bring the national average return per pound to all producers up to the incentive level of 62¢ per pound. The payment rate on lambs (pulled wool compensating payments) was \$1.02 per hundred-weight of live unshorn lambs sold. As the market price for mohair remained at a sufficiently high level during the 1958 marketing year, no payments were required.

1959 Program

For the 1959 marketing year, the incentive level remains at 62¢ per pound for shorn wool, grease basis. The support price for mohair is 70¢ per pound. The payment rates for the 1959 program will be determined in mid-1960 after all producer returns from the 1959 marketings have been filed. Payments estimated at \$62,139,000 (\$52,899,000 for shorn wool, and \$9,240,000 for unshorn lambs) will be made during the fiscal year 1961. Under the 1959

program each producer who owns lambs for 30 days or more and sells the lambs unshorn for any purpose will be eligible for a payment. The payments will be made on the weight or weight increase of the animals that occurs during each producer's ownership. Any shorn wool incentive payments made to producers who buy unshorn lambs and later shear them will be adjusted downward by the amount of the lamb payment previous owners were eligible to receive.

1960 Program

An incentive price of 62¢ per pound for shorn wool and a mohair support price of 70¢ per pound has been announced for the 1960 marketing year program. It is estimated that payments of \$48,431,000 for shorn wool and \$8,360,000 for unshorn lambs (total \$56,791,000) will be made for the 1960 marketing year.

Summary

The following statement reflects a summary of the actual and estimated incentive payments compared with the limitation on such payments:

70% of specific customs receipts on wool:

January 1, 1953 to December 31, 1955 (actual)	\$90,977,826
January 1, 1956 to December 31, 1956 (actual) (basis for reimbursement to CCC in fiscal year 1958)	29,671,679
January 1, 1957 to December 31, 1957 (actual) (basis for reimbursement to CCC in fiscal year 1959)	<u>24,453,099</u>
Total through calendar year 1957 (actual)	145,102,604

1955 marketing year

Payments in fiscal year 1957 (actual)	<u>-57,621,059</u>
Balance of limitation available after 1955 marketing year payments	87,481,545
70% of all customs receipts on wool - calendar year 1958 (basis for reimbursement to CCC in fiscal year 1960) (actual)	50,050,313

1956 marketing year

Payments in fiscal year 1958	<u>-51,915,148</u>
Balance of limitation available after 1956 marketing year payments	85,616,710
70% of all estimated customs receipts on wool—calendar year 1959 (basis for reimbursement to CCC in fiscal year 1961)	51,000,000

1957 marketing year

Payments in fiscal year 1959	<u>\$-16,103,876</u>
Balance of limitation available after 1957 marketing year payments (estimate)	120,512,834

1958 marketing year

70% of additional customs receipts (other than specific duties) on wool, January 1, 1953 - December 31, 1957 (actual)	<u>95,881,515</u>
Limitation available (estimate)	216,394,349
Payments in fiscal year 1960 (estimate)	<u>-86,230,000</u>
Balance of limitation available after 1958 marketing year (estimate)	130,164,349

1959 marketing year

Payments in fiscal year 1961 (estimate)	<u>-62,139,000</u>
Balance of limitation available after 1959 marketing year (estimate)	68,025,349
70% of all estimated customs receipts on wool-- calendar year 1960 (basis for reimbursement to CCC in fiscal year 1962)	51,000,000

1960 marketing year

Payments in fiscal year 1962 (estimate)	<u>-56,791,000</u>
Balance of limitation available after 1960 marketing year (estimate)	62,234,349
70% of all estimated customs receipts on wool-- calendar year 1961 (basis for reimbursement to CCC in fiscal year 1963)	51,000,000

1961 marketing year

Payments in fiscal year 1963 (estimate)	<u>-57,800,000</u>
Balance of limitation available after 1961 marketing year (estimate)	55,434,349
70% of all estimated customs receipts on wool-- January 1 - March 31, 1962	<u>13,000,000</u>
Balance of limitation (estimate)	68,434,349

Promotional and Advertising Programs:

In a September 1959 referendum called by the Secretary of Agriculture, as provided by the National Wool Act, as amended, 68.9% of wool and lamb producers voting favored continuing in effect for three more years an agreement between the Secretary and the American Sheep Producers Council, Incorporated. This agreement provides for the conduct of an extensive advertising, sales promotion and market development program for wool, sheep, or the products thereof. The expense of this program is financed from deductions from the wool payments due producers in each marketing year. The maximum rates of the deductions are one cent per pound of shorn wool marketed and five cents per hundred pounds of unshorn lamb marketed. The program is designed to improve and expand the market for the industry's products and ultimately to reduce the extent of Government price assistance required.

Receipts, from deductions and Council expenses (or, in the case of fiscal year 1960, the approved budget) are:

Receipts from 1955-1957 Wool Program	\$8,314,149 ^{a/}
Expenses and Commitments, 9/12/55-6/30/59	<u>-6,144,374^{b/}</u>
Balance 6/30/59	2,169,775
Estimated receipts from 1958 Wool Program	3,320,084
Budget approved fiscal year 1960	<u>-2,764,000</u>
Estimated balance for future operations, 6/30/60	2,725,859

a/ Includes \$158,562 interest and \$11,121 miscellaneous income.

b/ Includes commitment of \$160,297 not due and payable until after July 1, 1959.

The excess of receipts over expenditures is carried as a reserve to maintain continuity of programs through a year when the deductions may be less than the budget or when payments may not be required and no deductions are made.

Advertising and promotional contracts are entered into by the Council with private firms. These firms undertake programs under the guidance of the Council directed at creating a greater consumer demand for lamb and wool. The Council also does some work directly in this field, especially with reference to lamb merchandising. The budget is divided between lamb and wool in about the same proportion as they account for the producers' sales dollars, with about 55% of the funds allotted for advertising and promoting lamb and about 45% for advertising and promoting wool.

An audit is made after the end of each fiscal year by a private accounting firm in accordance with standards agreed on by the Agricultural Marketing Service and the Council. In addition, the accounts of the principal contractors through which Council funds are expended are audited by AMS as such accounts relate to Council contracts.

Payments by States:

The payments, by States, on the 1957 program through June 30, 1959 and on the 1958 program through August 31, 1959, are shown in the following tables:

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 Payments, by States under the
 1957 Wool Program, Through June 30, 1959

State	Shorn Wool		Unshorn Lambs		Total Payments	Promotion Deduction	Payments to Producers
	Pounds (Thous.)	Payments	Pounds (Thous.)	Payments			
Ala.	269	\$22,022	994	\$4,881	\$26,903	\$3,176	\$23,727
Ariz.	1,667	111,319	11,271	36,844	148,163	21,991	126,172
Ark.	373	30,863	1,817	5,635	36,498	4,520	31,978
Calif.	10,290	877,022	69,788	221,523	1,098,545	131,019	967,526
Colo.	7,291	576,066	102,054	261,836	837,902	110,631	727,271
Conn.	32	2,883	14	61	2,944	325	2,619
Del.	22	2,021	115	234	2,255	274	1,981
Fla.	20	1,480	---	42	1,522	202	1,320
Ga.	249	21,757	1,046	3,542	25,299	2,992	22,307
Idaho	7,150	566,490	108,403	313,693	880,183	115,771	764,412
Ill.	3,635	267,555	31,617	64,570	332,125	44,349	287,776
Ind.	2,570	186,853	16,738	46,482	233,335	32,392	200,943
Iowa	7,105	539,062	67,459	136,955	676,017	87,172	588,845
Kansas	2,818	188,812	24,110	67,302	256,114	37,806	218,308
Ky.	4,169	376,031	35,951	118,595	494,626	59,097	435,529
La.	457	36,438	360	1,223	37,661	4,710	32,951
Maine	158	13,878	528	1,622	15,500	1,814	13,686
Md.	159	13,120	1,229	3,924	17,044	2,174	14,870
Mass.	66	6,151	46	281	6,432	685	5,747
Mich.	1,814	125,506	14,323	45,836	171,342	24,352	146,990
Minn.	2,931	212,685	33,014	89,913	302,598	40,150	262,448
Miss.	465	38,532	1,190	3,779	42,311	5,171	37,140
Mo.	5,596	453,600	34,505	102,656	556,256	70,148	486,108
Mont.	11,839	993,032	68,769	255,731	1,248,763	148,390	1,100,373
Nebr.	2,322	133,648	30,523	59,374	193,022	27,078	165,944
Nevada	2,230	193,687	13,902	44,955	238,642	28,940	209,702
N. H.	37	3,007	45	141	3,148	391	2,757
N. J.	60	5,442	264	86	5,528	632	4,896
N. Mex.	4,169	275,867	24,178	115,217	391,084	53,065	338,019
N. Y.	864	69,456	5,879	15,638	85,094	10,961	74,133
N. C.	234	21,334	1,453	3,861	25,195	2,961	22,234
N. D.	3,458	277,714	33,440	87,249	364,963	47,423	317,540
Ohio	6,508	502,143	28,298	87,997	590,140	77,299	512,841
Okla.	1,418	99,251	8,571	26,559	125,810	18,129	107,681
Oregon	5,654	499,711	35,601	109,102	608,813	71,586	537,227
Pa.	1,457	138,790	3,741	11,116	149,906	16,344	133,562
R. I.	12	1,091	31	95	1,186	131	1,055
S. C.	81	6,999	165	496	7,495	857	6,638
S. D.	6,513	530,987	84,920	209,778	740,765	93,991	646,774
Tenn.	1,508	140,270	13,520	43,522	183,792	21,594	162,198
Texas	22,633	1,957,244	79,679	258,783	2,216,027	261,178	1,954,849
Utah	7,947	654,847	68,524	193,078	847,925	106,932	740,993
Vermont	56	4,526	162	500	5,026	633	4,393
Va.	1,242	116,480	15,820	51,852	168,332	19,681	148,651
Wash.	1,455	116,862	15,447	44,768	161,630	20,807	140,823
W. Va.	1,470	127,078	13,191	39,574	166,652	20,628	146,024
Wisc.	622	47,392	9,863	26,998	74,390	10,274	64,116
Wyo	13,016	1,046,708	81,689	252,265	1,298,973	167,475	1,131,498
Total	1/156,111	12,633,712	1/1,194,247	3,470,164	16,103,876	2,028,301	14,075,575

1/ Gross unadjusted poundage.

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 Payments, by States, under the 1958
 Wool Program, Through August 31, 1959

State	Shorn Wool		Unshorn Lambs		Total Payments	Promotion Deduction	Payments to Producers
	Pounds (Thous.)	Payments	Pounds (Thous.)	Payments			
Ala.	200	\$53,041	948	\$9,809	\$62,850	\$2,466	\$60,384
Alaska	68	12,821	-	-	12,821	676	12,145
Ariz.	4,087	889,319	12,034	121,833	1,011,152	46,131	965,021
Ark.	299	71,506	1,289	13,768	85,274	3,592	81,682
Calif.	25,148	5,907,823	76,860	758,228	6,666,051	265,589	6,400,462
Colo.	17,859	4,256,761	117,604	888,680	5,145,441	206,601	4,938,840
Conn.	29	7,652	16	164	7,816	286	7,530
Del.	18	3,245	106	806	4,051	235	3,816
Fla.	6	1,837	-	-	1,837	76	1,761
Ga.	218	61,483	908	9,811	71,294	2,630	68,664
Hawaii	74	16,050	-	-	16,050	739	15,311
Idaho	14,743	3,788,755	109,658	941,410	4,730,165	188,216	4,541,949
Ill.	4,803	953,368	34,503	209,342	1,162,710	54,887	1,107,823
Ind.	3,676	804,937	16,786	158,142	963,079	43,710	919,369
Iowa	11,633	2,398,920	77,724	466,356	2,865,276	128,681	2,736,595
Kansas	4,501	831,316	32,041	232,979	1,064,295	50,882	1,013,413
Ky.	1/	854,080	1/	269,469	1,123,549	-	1,123,549
La.	386	83,499	350	3,618	87,117	4,022	83,095
Maine	143	39,209	536	5,365	44,574	1,691	42,883
Md.	242	48,645	1,166	10,134	58,779	2,996	55,783
Mass.	66	18,623	34	308	18,931	677	18,254
Mich.	3,932	779,633	14,884	122,068	901,701	44,719	856,982
Minn.	8,146	1,788,564	37,848	309,305	2,097,869	90,650	2,007,219
Miss.	350	89,380	1,089	12,393	101,773	3,994	97,779
Mo.	5,681	1,231,755	29,872	276,078	1,507,833	67,755	1,440,078
Mont.	16,291	4,356,095	67,550	700,313	5,056,408	191,129	4,865,279
Nebr.	5,124	948,711	41,688	229,731	1,178,442	52,694	1,125,748
Nev.	2,874	774,892	13,705	135,551	910,443	35,385	875,058
N. H.	31	7,352	27	1,132	8,484	325	8,159
N. J.	56	16,227	237	702	16,929	590	16,339
N. Mex.	13,192	3,165,807	24,827	242,442	3,408,249	140,357	3,267,892
N. Y.	1,086	288,959	5,887	45,118	334,077	13,308	320,769
N. C.	241	70,173	1,310	13,790	83,963	3,032	80,931
N. Dak.	6,709	1,479,721	29,433	263,505	1,743,226	77,577	1,665,649
Ohio	10,124	1,611,048	25,238	110,461	1,721,509	108,988	1,612,521
Okla.	1,744	314,380	8,674	86,617	400,997	20,485	380,512
Oregon	6,611	1,726,043	26,918	250,863	1,976,906	76,231	1,900,675
Pa.	1,403	407,371	3,852	35,486	442,857	15,920	426,937
R. I.	13	2,498	27	1,236	3,734	139	3,595
S. C.	66	19,521	155	1,578	21,099	732	20,367
S. Dakota	18,430	4,569,636	94,621	715,256	5,284,892	211,388	5,073,504
Tenn.	1,421	412,285	13,306	122,850	535,135	20,617	514,518
Texas	54,531	14,426,863	109,470	1,205,326	15,632,189	580,959	15,051,230
Utah	12,726	3,277,002	78,443	638,380	3,915,382	156,689	3,758,693
Vermont	50	10,148	162	976	11,124	28,577	10,547
Va.	2,088	363,279	15,319	121,587	484,866	28,019	456,847
Wash.	2,632	650,494	14,418	129,825	780,319	32,133	748,186
W. Va.	1,422	405,202	12,542	116,311	521,513	20,255	501,258
Wisc.	2,401	575,287	10,463	89,993	665,280	27,728	637,552
Wyo.	25,516	6,395,261	90,800	843,356	7,238,617	292,926	6,945,691
Total	2/293,090	71,266,477	1,255,328	10,922,451	82,188,928	3,320,084	78,868,844

1/ No report received. 2/ Gross unadjusted poundage.

SPECIAL ACTIVITIES
Reimbursement to Commodity Credit Corporation
for Costs of Special Activities

Purpose Statement

The funds and facilities of the Commodity Credit Corporation have been utilized to carry out surplus-disposal programs and other special activities outside of its regular functions for which the Corporation is authorized to be reimbursed under the following specific legislation:

1. International Wheat Agreement - This Agreement, which was renewed for 3 years effective August 1, 1959, operates to provide an assured market for wheat to exporting countries and assured supplies of wheat to importing countries, at stable and equitable prices.

Under authority contained in the International Wheat Agreement Act of 1949, as amended (7 U.S.C. 1641-1642), capital funds of Commodity Credit Corporation and CCC stocks of wheat are used to pay (a) the difference between the prevailing price under the Agreement and the domestic market price of wheat, and (b) administrative and interest costs. The differential payment for wheat exported under the Agreement is paid in CCC stocks of wheat, and a cash payment is made for flour. The Act also authorizes appropriations to reimburse the Corporation for costs incurred.

2. Emergency Famine Relief to Friendly Peoples - Title II of the Agricultural Trade Development and Assistance Act of 1954, P. L. 480, as amended (7 U.S.C. 1703, 1721-1724), directs the Commodity Credit Corporation to make its surplus stocks of agricultural commodities available to the President for famine relief and other assistance to friendly nations and populations and to pay ocean freight charges through December 31, 1961, and authorizes the appropriation to reimburse the Corporation of not more than \$300,000,000, plus \$300,000,000 a year beginning January 1, 1960, through December 31, 1961.

3. Sales of Surplus Agricultural Commodities for Foreign Currencies - Title I of the Agricultural Trade Development and Assistance Act of 1954, P.L. 480, as amended (7 U.S.C. 1701-1709), authorizes the President, until December 31, 1961, to negotiate agreements with friendly nations for the sale of surplus agricultural commodities for foreign currencies. The Act provides that Commodity Credit Corporation shall make available for sale to domestic exporters surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the administration of its price-support operations, and shall make funds available to finance the sale and exportation of surplus agricultural commodities, whether from private stocks or from stocks of the Commodity Credit Corporation.

The Act further provides various specified uses of the foreign currencies by any department or agency of the Government and requires reimbursement to Commodity Credit Corporation by the agency using such funds if appropriations have been made for any of the specified uses. To the extent the Corporation is not thus reimbursed by other agencies, the Act authorizes appropriations to reimburse Commodity Credit Corporation for its investment in commodities used under the Act including processing, packaging, transportation and handling costs, and for costs incurred in financing the

exportation of commodities, and limits transactions requiring appropriations to \$6.25 billion plus \$1.5 billion a year beginning January 1, 1960, through December 31, 1961.

4. Long-term supply contracts - Under title IV of the Agricultural Trade Development and Assistance Act (73 Stat. 610), the President is authorized to make agreements with friendly nations under which the United States would deliver surplus commodities over periods of up to 10 years and accept payment in dollars with interest over periods of up to 20 years. The funds and assets of the Corporation are authorized to be used to carry out the provisions of Title IV and appropriations are authorized to reimburse the Corporation therefor. Operating policies and plans have not yet been developed on which to base an estimate of possible activity under this title.
5. Transfer of Bartered Materials to Supplemental Stockpile - Under Title II of the Agricultural Act of 1956 (7 U.S.C. 1856) the Corporation is directed to transfer strategic and other materials acquired as a result of barter and exchange of agricultural commodities, other than those acquired for the national stockpile or for other purposes, to the supplemental stockpile. Appropriations to reimburse the Corporation for the value of materials transferred are authorized by the Act.
6. Grain for Migratory Waterfowl - The Act of July 3, 1956, as amended (7 U.S.C. 442-446) authorizes the Commodity Credit Corporation to make available to the Secretary of Interior grain from CCC stocks for use as feed for migratory waterfowl to prevent crop damage. This Act also authorizes the appropriation of sums to reimburse the Corporation for its investment in the grain.
7. Animal Disease Eradication Activities - Eradication of vesicular exanthema. The Department of Agriculture and Farm Credit Administration Appropriation Acts of 1958 and 1959 authorized the advance of funds from the Commodity Credit Corporation to the Agricultural Research Service to carry out this program through June 30, 1959. The Corporation is reimbursed for these advances. In 1960 and thereafter, a direct appropriation is being made to ARS for this program.
8. Grading and Classing Activities - The Department of Agriculture Appropriation Act of 1952 (7 U.S.C. 414a) authorizes transfers of Commodity Credit Corporation nonadministrative funds to appropriations available for classing and grading agricultural commodities without charge to producers. Transfers are made to the Agricultural Marketing Service for classing cotton and grading tobacco not placed under price support loan. The Act authorizes appropriation to reimburse the Corporation for such transfers, plus interest.

An appropriation of \$1,468,742,000 is requested in 1961 for estimated 1960 program costs and unreimbursed 1959 program costs as follows:

	<u>Appropriation, 1960 (1959 estimated costs)</u>	<u>Appropriation, 1961 (1959 unre- imbursed and 1960 estimated costs)</u>
Appropriated funds:		
1. International Wheat Agreement	\$63,875,000	\$49,042,000
2. Emergency famine relief to friendly peoples	104,508,000	115,000,000
3. Sales of surplus agricul- tural commodities for foreign currencies	968,016,000	881,000,000
4. Transfer of bartered materials to supplemental stockpile	129,000,000	422,950,000
5. Grain for migratory water- fowl	35,000	35,000
6. Animal disease eradication activities	1,056,500	- -
7. Grading and classing activities	<u>1,007,000</u>	<u>715,000</u>
Total	<u><u>1,268,097,500</u></u>	<u><u>1,468,742,000</u></u>

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION
FOR COSTS OF SPECIAL ACTIVITIES

Appropriation Act, 1960 and base for 1961	\$1,268,097,500
Budget Estimate, 1961	<u>1,468,742,000</u>
Increase	<u>+200,644,500</u>

PROJECT STATEMENT

Project	1959 (1958 costs)	1960 (1959 costs)	Increase (+) or: Decrease (-)	1961 (1960 esti- mated costs)
Reimbursement to CCC for:				
1. International Wheat Agreement	\$80,800,000	\$47,404,779	+\$1,637,221(1)	\$49,042,000
2. Emergency famine relief to friendly peoples	119,270,000	96,601,678	+18,398,322(2)	115,000,000
3. Sales of surplus agricultural commodities for foreign currencies	1,033,515,000	968,016,000	-87,016,000(3)	881,000,000
4. Grain for migratory waterfowl feed	18,506	17,363	-17,637(4)	35,000
5. Transfer of bartered materials to supplemental stockpile	82,250,335	129,000,000	+293,950,000(5)	422,950,000
6. Advances to Agricultural Research Service for animal disease eradication activities	19,390,100	1,036,192	-1,036,192(6)	- -
7. Advances to Agricultural Marketing Service for classing cotton and grading tobacco	1,510,870	608,926	+106,074(7)	715,000
Unobligated balance	- -	25,412,562	-25,412,562(8)	- -
Total appropriation or estimate	1,336,754,811	1,268,097,500	+200,644,500	1,468,742,000

INCREASES AND DECREASES

- (1) A net increase of \$1,637,221 for estimated 1960 costs of the International Wheat Agreement compared with actual 1959 costs as follows:

	1960 Appropri- ation (Net) (1959 costs)	1961 Budget Estimate (1960 costs)	Increase (+) or Decrease (-)
Program costs	\$47,006,729	\$48,080,000	+\$1,073,271
Interest	382,315	962,000	+579,685
Prior year costs	914,125	- -	-914,125
Total costs	<u>48,303,169</u>	<u>49,042,000</u>	<u>+738,831</u>
Recovery of prior year costs	<u>-898,390</u>	<u>- -</u>	<u>+898,390</u>
Total appropriation (net) or estimate	<u>47,404,779</u>	<u>49,042,000</u>	<u>+1,637,221</u>

(a) Program costs. It is estimated that shipments of wheat and wheat flour will be made on 82.5 million bushels in 1960, a decrease of 1 million bushels from the 83.5 million bushels shipped in 1959. However, offsetting this smaller quantity are (1) a 2¢ per bushel increase in the estimated average payment rate of 58¢ per bushel in 1960 over the 1959 average rate of 56¢ per bushel and (2) an increase of \$42,123 in operating expenses. Following is a breakdown of program costs by country:

UNITED STATES DEPARTMENT OF AGRICULTURE
Commodity Stabilization Service

Wheat and Wheat Flour (bushel equivalent) Exported from the United States
Pursuant to the Terms of the International Wheat Agreement

Importing Country	Fiscal Year 1960 (1959 Costs)				1961 Estimated (1960 Estimated Costs)			
	Bushels	Amount Due CCC	Average		Bushels	Amount Due CCC	Average	
			Cost to CCC per Bushel	:			Cost to CCC per Bushel	:
Belgium	2,023,099	\$1,373,906	\$.68	:	1,998,433	\$1,404,146	\$.70	:
Bolivia	309,713	218,020	.70	:	305,937	222,819	.73	:
Brazil	989,250	595,625	.60	:	977,189	608,735	.62	:
Costa Rico	1,057,753	771,936	.73	:	1,044,856	788,926	.76	:
Cuba	7,400,690	5,154,169	.70	:	7,310,458	5,267,613	.72	:
Denmark	1,217,440	643,067	.53	:	1,202,597	657,221	.55	:
Dominican Republic	518,992	385,161	.74	:	512,664	393,638	.77	:
Ecuador	212,800	94,549	.44	:	210,205	96,630	.46	:
El Salvador	695,910	495,021	.71	:	687,425	505,917	.74	:
Germany	15,448,623	8,283,709	.54	:	15,260,268	8,466,034	.55	:
Greece	74,667	26,133	.35	:	73,757	26,708	.36	:
Guatemala	1,343,433	748,398	.56	:	1,327,053	764,870	.58	:
Haiti	982,427	698,017	.71	:	970,449	713,380	.74	:
Honduras	302,066	168,518	.56	:	298,383	172,227	.58	:
Iceland	5,126	3,894	.76	:	5,063	3,980	.79	:
India	1,521,254	592,818	.39	:	1,502,706	605,866	.40	:
Ireland	484,732	246,696	.51	:	478,822	252,126	.53	:
Israel	2,377,103	1,172,332	.49	:	2,348,121	1,198,135	.51	:
Japan	18,363,320	6,924,400	.38	:	18,139,428	7,076,807	.39	:
Korea	2,152,972	865,751	.40	:	2,126,722	884,806	.42	:

Importing Country	Fiscal Year 1960 (1959 Costs)			1961 Estimated (1960 Estimated Costs)		
	Bushels	Amount Due CCC	Average Cost to CCC per Bushel	Bushels	Amount Due CCC	Average Cost to CCC per Bushel
Lebanon	211,565	\$ 137,517	\$.65	208,986	\$ 140,544	\$.67
Liberia	69,140	53,183	.77	68,297	54,354	.80
Netherlands	11,479,518	7,762,218	.68	11,339,556	7,933,065	.70
Nicaragua	223,859	167,770	.75	221,130	171,463	.78
Norway	3,192,610	1,832,362	.57	3,153,685	1,872,692	.59
Panama	583,705	441,461	.76	576,588	451,178	.78
Peru	44,526	30,677	.69	43,983	31,352	.71
Philippines	4,401,790	3,200,538	.73	4,348,122	3,270,982	.75
Portugal	1,104,950	663,159	.60	1,091,478	677,755	.62
Saudi Arabia	135,375	107,914	.80	133,724	110,289	.82
United Kingdom	9,333	5,413	.58	9,219	5,532	.60
United Kingdom Territories	792	625	.79	782	639	.82
Vatican City State	525,937	299,784	.57	519,525	306,382	.59
Venezuela	4,053,815	2,684,111	.66	4,004,389	2,743,189	.69
Total costs	83,518,285	46,848,852	.56	82,500,000	47,880,000	.58
Above costs distributed as follows:						
Commodities transferred from price support inventories ..						
Cash payments	xx	28,356,964	xx	xx	35,680,000	xx
Total	xx	18,491,888	xx	xx	12,200,000	xx
Operating expenses	xx	46,848,852	xx	xx	47,880,000	xx
Total program costs	xx	157,877	xx	xx	200,000	xx
Interest	83,518,285	47,006,729	.56	82,500,000	48,080,000	.58
Unrecovered prior year costs (net)	xx	382,315	xx	xx	962,000	xx
	xx	15,735	xx	xx	- -	xx
TOTAL APPROPRIATION (NET) OR ESTIMATE	83,518,285	47,404,779	.56	82,500,000	49,042,000	.58

(b) Interest. The increase is due primarily to the higher average rate of interest paid by CCC on Treasury borrowings--4 percent per annum in 1960 compared with 2 percent in 1959.

(c) Prior year costs. No prior year interest to recovery date and other net costs are included in the 1960 costs as was the case in 1959 when recovery of 1958 costs was received in the Second Supplemental Appropriation Act, 1959, on May 20, 1959. The 1960 appropriation was received July 1, 1959, and applied to 1959 costs. Included in the 1960 appropriation was \$898,390 for most of the 1958 costs recorded in 1959.

(2) A net increase of \$18,398,322 for estimated 1960 costs of Emergency famine relief to friendly peoples under Title II of P.L. 480, as amended, compared with actual 1959 costs, as follows:

	1960 Appropriation (net) (1959 Costs)	1961 Budget Estimate (1960 Costs)	Increase (+) or Decrease (-)
Program costs	\$95,510,719	\$112,745,000	+\$17,234,281
Interest	906,128	2,255,000	+1,348,872
Prior year costs	<u>1,510,933</u>	- -	<u>-1,510,933</u>
Total costs	97,927,780	115,000,000	+17,072,220
Recovery of prior year costs	<u>-1,326,102</u>	- -	<u>+1,326,102</u>
Total appropriation (net) or estimate ...	<u>96,601,678</u>	<u>115,000,000</u>	<u>+18,398,322</u>

(a) Program costs. The increase is due primarily to larger shipments of rice and cotton and related increases in ocean freight costs on CCC commodities shipped under Title II of P.L. 480, as amended, as well as on commodities donated abroad under section 416 of the Agricultural Act of 1949.

Following is a breakdown of costs by commodity:

	: Unit :	1960	:	1961
	: of :	(1959 Costs)	:	(1960 Estimated Costs)
	: Measure :	Quantity	: Amount	: Quantity : Amount
Commodity transfers:	:	:	:	:
Cotton, upland	: bale :	8,055:	\$1,290,571:	25,000: \$4,345,500
Cheese	: lb. :	1,956,794:	817,559:	- - : - -
Milk, dried	: lb. :	15,123,294:	2,594,796:	15,000,000: 2,550,000
Barley	: bu. :	675,686:	1,236,189:	500,000: 1,015,000
Corn	: bu. :	1,694,824:	4,998,193:	2,000,000: 6,300,000
Cornmeal	: lb. :	299,900:	27,330:	- - : - -
Grain sorghums	: cwt. :	882,379:	2,801,969:	560,000: 2,030,000
Rice, milled	: cwt. :	69,509:	749,571:	500,000: 5,500,000
Wheat	: bu. :	10,057,359:	38,296,593:	10,000,000: 41,600,000
Wheat flour	: lb. :	81,859,436:	5,973,261:	100,000,000: 5,500,000
Total Commodity	:	:	:	:
Cost	:	xxx	: 58,786,032:	xxx : 68,840,500

(Continued on next page)

	: Unit :	1960	:	1961
	: of :	(1959 Costs)	:	(1960 Estimated Costs)
	:Measure:	Quantity	: Amount	: Quantity : Amount
Ocean freight on	:	:	:	:
above commodities	:	:	:	:
under Title II of	:	:	:	:
P.L.480, as amended	:	xxx	9,035,443:	xxx : 10,840,000
Ocean freight on com-	:	:	:	:
modities donated un-	:	:	:	:
der Section 416,	:	:	:	:
Agricultural Act of	:	:	:	:
1949	:	xxx	27,689,244:	xxx : 33,064,500
Total program cost	:	xxx	95,510,719:	xxx :112,745,000
Interest	:	xxx	906,128:	xxx : 2,255,000
Unrecovered prior	:	:	:	:
year costs (net) ..	:	xxx	184,831:	xxx : - -
Total appropria-	:	:	:	:
tion (net) or	:	:	:	:
estimate	:	xxx	96,601,678:	xxx :115,000,000

(b) Interest. The increase is due primarily to the higher average rate of interest paid by CCC on Treasury borrowings--4 percent per annum in 1960 compared with 2 percent in 1959--and the larger program volume anticipated.

(c) Prior year costs. No prior year interest to recovery date and other net costs are included in the 1960 costs as was the case in 1959 when recovery of 1958 costs was received in the Second Supplemental Appropriation Act, 1959, on May 20, 1959. The 1960 appropriation was received July 1, 1959, and covered all 1959 costs.

Included in the 1960 appropriation was \$1,326,102 for 1958 program costs and prior year adjustments recorded in 1959.

(3) A net decrease of \$87,016,000 in the appropriation for estimated 1960 net cost of sales of surplus agricultural commodities for foreign currencies under Title I of P.L. 480, as amended, compared with 1959 net costs, as follows:

	1960 Appropriation (1959 Costs)	1961 Budget Estimate (1960 Costs)	Increase (+) or Decrease (-)
Program costs	\$1,089,071,676	\$1,100,000,000	+\$10,928,324
Interest	12,684,735	29,296,541	+16,611,806
Prior year costs	11,497,925	- -	-11,497,925
Total expenditures	1,113,254,336	1,129,296,541	+16,042,205
Recoveries from sales of currencies and rental receipts	-91,218,102	-74,165,636	+17,052,466
Net expenditures	1,022,036,234	1,055,130,905	+33,094,671
Change in currencies to be sold for dollars	-42,522,309	-174,130,905	-131,608,596
Net total costs	979,513,925	881,000,000	-98,513,925
Recovery of prior year costs	-11,497,925	- - -	+11,497,925
Total appropriation or estimate	968,016,000	881,000,000	-87,016,000

(a) Program costs. The full impact of the increased program authorization effective January 1, 1960, will not occur until the fiscal year 1961. Shipments of commodities from CCC stocks in 1960 are expected to decrease by \$33,505,046 from 1959. Reduced quantities of cotton and rice are expected to be sold in 1960 offset in part by increased sales of wheat. Sales in 1960 from private stocks and freight charges on CCC and private shipments are estimated to increase by \$44,433,370 over 1959. This reflects primarily increased sales of cotton from private stocks resulting from the Department's policy of encouraging exports from private stocks rather than having commodities flow in and out of Government storage.

Following is a breakdown of program costs:

	: Unit :	1960		:	1961	
	: of :	(1959 Costs)		:	(1960 Estimated Costs)	
	:Measure:	Quantity	: Amount	:	Quantity	: Amount
CCC Commodity	:	:	:	:	:	:
transfers:	:	:	:	:	:	:
Cotton, upland .	: bale	: 571,363:	\$94,969,317:	:	220,000:	\$38,240,000
Butter and but-	:	:	:	:	:	:
ter products ..	: lb.	: 7,444,920:	4,677,075:	:	1,000,000:	620,000
Cheese	: lb.	: 1,293,456:	479,765:	:	7,000,000:	2,450,000
Milk, dried	: lb.	: 53,777,639:	7,727,163:	:	50,000,000:	7,000,000
Barley	: bu.	: 7,786,601:	10,673,248:	:	2,000,000:	3,400,000
Beans, dry edible:	: cwt.	: - - :	- - :	:	113,000:	690,100
Corn	: bu.	: 6,875,785:	18,257,461:	:	8,000,000:	22,880,000
Grain sorghums .	: cwt.	: 1,828,756:	5,500,247:	:	2,800,000:	9,650,000
Oats	: bu.	: 177,485:	169,209:	:	500,000:	600,000
Rye	: bu.	: 3,627,947:	6,096,415:	:	581,234:	1,121,781
Rice, milled ...	: cwt.	: 1,912,405:	18,876,083:	:	- - :	- -
Rice, rough	: cwt.	: 92,844:	491,303:	:	600,000:	3,174,000
Wheat	: bu.	: 48,691,928:	187,463,641:	:	54,600,000:	232,050,000
Total Commod-	:	:	:	:	:	:
ity transfers	:	: xxx :	355,380,927:	:	xxx :	321,875,881
Financing private	:	:	:	:	:	:
stocks and ocean	:	:	:	:	:	:
freight	:	: xxx :	733,690,749:	:	xxx :	778,124,119
Total program	:	:	:	:	:	:
costs	:	: xxx :	1,089,071,676:	:	xxx :	1,100,000,000

(b) Interest. The increase is due primarily to the higher average rate of interest paid by CCC on Treasury borrowings--4 percent per annum in 1960 compared with 2 percent in 1959--and the higher balance of recoverable costs to be reimbursed from foreign currencies to be sold or used for military housing construction abroad.

(c) Prior year costs. No prior year interest to recovery date is included in the 1960 costs as was the case in 1959 when recovery of 1958 costs was received in the Second Supplemental Appropriation Act, 1959, on May 20, 1959. The 1960 appropriation was received July 1, 1959, and applied to 1959 costs.

(d) Recoveries. The decrease in the amount of recoveries is due to lower anticipated amounts to be received for Treasury sales of currencies partly offset by an increase in receipts from the Department of Defense for rental on military housing.

Following is a breakdown of the recoveries:

	<u>1960</u> <u>(1959 recoveries)</u>	<u>1961</u> <u>(1960 recoveries)</u>
Sales of currencies	\$89,739,698	\$69,159,468
Rental receipts	<u>1,478,404</u>	<u>5,006,163</u>
Total recoveries	<u>91,218,102</u>	<u>74,165,636</u>

(e) Change in currencies to be sold for dollars. This represents the change in the Corporation's unrecovered costs to be recovered in future years from proceeds of the sales of foreign currencies used by other agencies and used for the construction of military housing abroad. In computing this estimate, allowance is made for possible foreign exchange losses. The estimates of future recoveries are based on anticipated use of foreign currencies by other agencies under Bureau of the Budget allocations over which the Corporation has no control. The amounts actually collected, as well as the future collections, are deducted from current-year's costs and thereby constitute a reduction in the appropriation request. Following is an analysis of the amounts to be recovered from foreign currencies to be sold or used in military housing construction:

	<u>1960</u> <u>(1959 activity)</u>	<u>1961</u> <u>(1960 activity)</u>
Amount recoverable from currencies to be sold, beginning of year	<u>\$137,967,046</u>	<u>\$180,489,355</u>
Estimated currencies from special appropriations to be used for reim- bursable purposes (after allowance for exchange loss):		
Unexpended balances as of June 30, 1960, to be converted to appro- priations	- -	68,100,000
Proposed appropriations for 1961 for special foreign currency programs	- -	72,973,000
From sales to other agencies and military housing	<u>133,740,411</u>	<u>107,223,541</u>
Total	<u>133,740,411</u>	<u>248,296,541</u>
Deduct recoveries during year	<u>-91,218,102</u>	<u>-74,165,636</u>
Change in foreign currencies to be sold	<u>42,522,309</u>	<u>174,130,905</u>
Amount recoverable from currencies to be sold, end of year	<u>180,489,355</u>	<u>354,620,260</u>

The increase results primarily from a proposal in the Budget to authorize special appropriations in 1961 to each agency using foreign currencies for various specific projects heretofore considered as nonreimbursable uses insofar as CCC is concerned. It is contemplated that the Corporation will recover a portion of its costs from these appropriations as the currencies are used.

Of the aggregate future sales of currencies, it is estimated that \$114,100,000 will be sold during the fiscal year 1961 and the remainder will be sold in subsequent fiscal years.

(4) An increase of \$17,637 for estimated 1960 costs of grain for migratory waterfowl feed compared with 1959 costs. It is estimated that 400 tons of grain valued at \$35,000 will be transferred to the Secretary of the Interior in 1960 for use in preventing crop damage by migratory waterfowl compared with 336 tons valued at \$17,363 transferred in 1959. The increase in value with the comparatively small additional tonnage is primarily due to the use of older crop year grains which have a higher investment value.

(5) A net increase of \$293,950,000 for estimated 1960 and actual 1959 unrecovered Costs of Transfers of Bartered Materials to Supplemental Stockpile compared with the 1960 appropriation for estimated 1959 costs, as follows:

	1960 Appropriation (1959 partial costs)	1961 Budget Estimate (1959 partial and 1960 costs)	Increase (+) or Decrease (-)
Appropriation or estimate	<u>\$129,000,000</u>	<u>\$422,950,000</u>	<u>/\$293,950,000</u>

The 1960 appropriation only partially covered 1959 costs because it was based on an estimate that strategic materials valued at \$129 million would be transferred to the supplemental stockpile in 1959. However, later in 1959, the Corporation and the General Services Administration, with the concurrence of the Office of Civil and Defense Mobilization, completed arrangements for the transfer to the supplemental stockpile of large quantities of materials held by the Corporation which originally had been acquired for the national stockpile. Current policy is to barter agricultural commodities for strategic materials only for the supplemental stockpile or for specific requirements of other Government agencies.

Following is a listing of the transfers by materials:

<u>Material</u>	: <u>1960 Appro-</u> : <u>1961</u>	
	: <u>priation (net)</u> : <u>Budget Estimate</u>	
	: <u>(1959 Costs)</u> : <u>(1960 Costs)</u>	
Abrasive, crude aluminum oxide	: - - :	\$4,000,000
Antimony metal	: \$1,140,738 :	1,400,000
Asbestos	: - - :	600,000
Asbestos, chrysolite	: 1,727 :	- -
Bauxite	: 23,287,633 :	30,000,000
Beryl ore	: 624,314 :	- -
Beryllium - copper master alloy	: 14,656,310 :	5,600,000
Bismuth	: 1,686,791 :	600,000
Boron minerals, Turkish	: - - :	1,300,000
Cadmium	: - - :	600,000
Chrome ore, refractory	: - - :	4,500,000
Chrome ore, chemical grade	: - - :	1,800,000
Chrome ore, metallurgical	: - - :	2,000,000
Chrome ore, metallurgical, Turkish	: 8,096,131 :	- -
Chromium metal	: 4,776,200 :	- -
Chromium metal, electrolytic	: - - :	600,000
Chromium metal, exothermic	: - - :	3,500,000
Colemanite-Turkish boron minerals	: 1,564,606 :	- -
Columbite	: - - :	400,000
Copper	: 3,899,148 :	- -
Diamonds	: 66,721,694 :	- -
Diamonds, industrial	: - - :	45,000,000
Diamonds, bort	: - - :	6,000,000
Ferrochrome	: - - :	41,522,443
Ferrochrome, high carbon	: 59,822,134 :	- -
Ferrochrome, low carbon	: 74,338,672 :	- -
Ferromanganese	: 4,643,173 :	2,000,000
Fluorspar, acid grade	: 2,654,004 :	4,000,000

(Continued on next page)

<u>Material</u>	<u>1960 Approp-</u>	<u>1961</u>
	<u>riation (net)</u>	<u>Budget Estimate</u>
	<u>(1959 Costs)</u>	<u>(1960 Costs)</u>
Fluorspar, metallurgical	- -	\$2,000,000
Graphite	\$341,690	- -
Iodine	116	- -
Lead	7,209,822	9,500,000
Manganese metal, electrolytic	17,744	- -
Manganese ore, chemical	1,407,438	1,200,000
Manganese ore, metallurgical	5,068,237	12,000,000
Manganese ore, natural battery	1,590,604	3,000,000
Mercury	- -	3,400,000
Mica	6,070,384	1,500,000
Palladium	3,960,806	1,400,000
Raw quartz crystals	1,098,784	1,500,000
Selenium	435,519	400,000
Silicon carbide	6,447,386	9,000,000
Thorium nitrate	- -	8,600,000
Tin metal	- -	15,000,000
Titanium sponge	4,889,814	6,800,000
Zinc	8,279,629	6,500,000
Adjustment of prior costs	-3,691	- -
Total transfers	314,727,557	237,222,443
Unrecovered 1959 Costs	-185,727,557	185,727,557
Total appropriation or estimate	129,000,000	422,950,000

(6) A decrease of \$1,036,192 for costs of advances to Agricultural Research Service for Animal Disease Eradication activities as follows:

	<u>1960 Appropriation (net)</u>	<u>1961 Budget</u>	<u>Increase (+)</u>
	<u>(1959 and prior year costs)</u>	<u>Estimate</u>	<u>or</u>
		<u>(1960 Costs)</u>	<u>Decrease (-)</u>
Program costs	\$1,008,865	- -	-\$1,008,865
Interest	8,746	- -	-8,746
Prior year costs			
(net)	<u>a/ 21,000</u>	- -	<u>-21,000</u>
Total costs .	<u>1,038,611</u>	- -	<u>-1,038,611</u>
Recovery of prior			
year costs (net)	<u>a/ -2,419</u>	- -	<u>+2,419</u>
Appropriation			
(net) or			
estimate	<u>1,036,192</u>	- -	<u>-1,036,192</u>

a/ Includes recovery of \$18,445 received and returned to the appropriation in fiscal year 1960.

Eradication of vesicular exanthema. The 1960 appropriation reimbursed the Corporation for advances and costs incurred in transferring funds to the Agricultural Research Service in 1958 and 1959 for eradication of vesicular exanthema as authorized by Department appropriation acts and for eradication of brucellosis in cattle under Section 204 (e) of the Agricultural Act of 1954, as amended. Direct appropriations are now made to the Agricultural Research Service for these activities and financing by the Corporation is no longer required, resulting in a decrease of \$1,036,192.

(7) An increase of \$106,074 for estimated 1960 costs of advances to Agricultural Marketing Service for classing cotton and grading tobacco compared with 1959 costs, as follows:

	1960 Appropriation (net) <u>(1959 Costs)</u>	1961 Budget Estimate <u>(1960 Costs)</u>	Increase (+) or Decrease (-)
Advances (net)	\$604,587	\$715,000	\$/110,413
Prior year costs	<u>4,339</u>	<u>- -</u>	<u>-4,339</u>
Appropriation (net) or estimate	<u>608,926</u>	<u>715,000</u>	<u>/106,074</u>

(a) Advances. The increase in 1960 is to provide adequate funds to pay for the higher quantities of commodities estimated to be classed or graded than was the case in 1959. Under the Smith-Doxey Act of 1937, farmers organized to promote improvement of cotton are eligible for free classing service. Under the Tobacco Inspection Act of 1935 tobacco producers selling tobacco at designated auction markets are eligible for free inspection and grading service. The class of cotton or the grade of tobacco placed on the commodity by a Federal cotton classer or a Federal tobacco inspector is accepted as evidence of quality when producers place their commodities under loan or offer them for sale to the Commodity Credit Corporation.

If these programs are to operate effectively and to be of maximum benefit to producers, it is necessary to maintain (a) a force of tobacco inspectors large enough to grade the tobacco on all auction floors prior to sale, and (b) a cotton classing organization which is capable of getting classification returns to producers promptly.

Based upon information now available, the demand for these services in fiscal 1960 is expected to exceed that which can be provided from available appropriations and other anticipated funds. In order to insure a prompt efficient service, funds are advanced from Commodity Credit Corporation under authority contained in the Department of Agriculture Appropriation Act, 1952.

Portion of Funds Advanced in 1959 and 1960 to be Repaid. The following table shows the total amount expected to be advanced from Commodity Credit Corporation for the classing and grading work and the portion of this amount which is attributable to the cost of classing or grading cotton and tobacco placed under price support to be borne by the Commodity Credit Corporation. Since the cost of classing cotton placed under price

support is estimated to be in excess of the amount advanced, no repayment is anticipated from the cotton advance. This appropriation estimate represents the net amount needed to reimburse the Corporation for providing funds for these services for the quantities not going under loan.

	1960 Appropriation (net) (1959 Costs)	1961 Estimate (1960 Costs)
<u>Cotton:</u>		
Total number of classings by		
Federal employees	16,520,319	17,500,000
Cost of classings	\$3,691,899	\$4,135,250
Average cost per classing	22.35¢	23.63¢
Total bales classed under Smith-Doxey		
Act going under loan	6,800,207	11,105,000
Advance from CCC	\$1,550,925	\$2,250,000
Less: Cost of classing loan cotton ...	1,519,683	2,624,111
To be repaid CCC	31,242	- -
Excess cost borne by Agricultural Marketing Service	- -	374,111
<u>Tobacco:</u>		
Total quantity inspected and graded at auction markets (lbs.)	1,768,548,576	1,850,000,000
Cost of inspection at designated markets	\$2,716,988	\$2,857,000
Quantity placed under loan (lbs.)	166,185,929	220,000,000
Percent placed under loan	9.4%	11.9%
Advance from CCC	\$828,660	\$1,055,000
Less: Cost of inspecting loan tobacco	255,315	340,000
To be repaid CCC	573,345	715,000
Total amount to be repaid CCC:		
Cotton	31,242	- -
Tobacco	573,345	715,000
Net advances	604,587	715,000

(b) Prior year costs. No prior year interest to recovery and other net costs are included in the 1960 costs as was the case in 1959 when recovery of 1958 costs was received on May 20, 1959. The 1960 appropriation was received July 1, 1959, and applied to 1959 and prior year costs.

(8) A decrease of \$25,412,562 in the unobligated balance of the 1960 appropriation. Because of the need to relieve the burden on CCC statutory borrowing authority for costs of special activities, a change in the timing of the appropriation was approved for the 1960 appropriation to reimburse the Corporation for 1959 costs a year earlier than had been the practice heretofore. Therefore, the appropriation was computed on an estimated basis since actual costs for 1959 could not be determined until after the close of that fiscal year. It was stated that only the amounts due would be paid to the Corporation from the appropriation. Amounts not needed to reimburse the Corporation would remain in the appropriation and would revert to the Treasury. This will be

done with respect to the \$25,412,562 which remained unused in the fiscal year 1960 appropriation. It was also stated that should actual 1959 costs exceed the appropriation made in 1960, the necessary additional amount would be included in the appropriation requested in the fiscal year 1961 for 1960 and prior year unrecovered costs. The following tabulation shows the status of each program with respect to the foregoing:

Comparison of 1960 Appropriation
with Actual 1959 Costs, and Budget Estimates, 1961

Activity	Appropriation: 1960, for Estimated 1959 Unrecovered Costs	1959 Actual Unrecovered Costs	Excess (+) or Deficit (-) Appropriation: Compared With Actual Unrecovered Costs	Budget Estimate 1961 For Estimated 1960 Costs and Unrecovered Prior Year Costs
<u>Items for which 1960 ap-</u>				
<u>propriations were in</u>				
<u>excess of actual costs:</u>				
International Wheat				
Agreement	\$63,875,000:	\$47,404,779 :	\$/16,470,221:	\$49,042,000
Emergency Famine Re-				
lief to Friendly				
Peoples	104,508,000:	96,601,678 :	/7,906,322:	115,000,000
Grain for Migratory				
Waterfowl	35,000:	17,363 :	/17,637:	35,000
Animal Disease Eradi-				
cation Activities ..	1,056,500:	1,036,192 :	/20,308:	- -
Grading and Classing				
Activities	1,607,000:	608,926 :	/998,074:	715,000
Subtotal (excess)	171,081,500:	145,668,938 :	/25,412,562:	164,792,000
<u>Items for which 1960 ap-</u>				
<u>propriations were less</u>				
<u>than actual costs:</u>				
Sales of Surplus Agri-				
cultural Commodities				
for Foreign Cur-				
rencies	968,016,000:	1,148,505,355 :	a/-180,489,355:	881,000,000
Transfer of Bartered				
Materials to Supple-				
mental Stockpile ..	129,000,000:	314,727,557 :	b/-185,727,557:	422,950,000
Subtotal (deficit)	1,097,016,000:	1,463,232,912 :	-366,216,912:	1,303,950,000
TOTAL	1,268,097,500:	1,608,901,850 :	-340,804,350:	1,468,742,000

a/ Estimate of amounts recoverable from sale of foreign currencies in future years as computed for the 1960 appropriation was \$207,063,955 compared with the \$180,489,355 which is the unrecovered balance on the Corporation's books as of June 30, 1959, after deducting the 1960 appropriation. It is anticipated that this amount may be recovered from future sale of currencies and rental receipts.

b/ Deficit included within 1961 estimate as unrecovered prior year cost.

No unobligated balance is currently anticipated from the 1961 appropriation for 1960 estimated costs and unrecovered 1959 costs.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows: (new language underscored; deleted matter enclosed in brackets):

To reimburse the Commodity Credit Corporation for authorized unrecovered costs through June 30, [1959] 1960 (including interest through date of recovery), as follows: (1) [\$63,875,000] \$49,042,000 under the International Wheat Agreement Act of 1949, as amended (7 U. S. C. 1641-1642); (2) [\$104,508,000] \$115,000,000 for commodities disposed of for emergency famine relief to friendly peoples pursuant to title II of the Act of July 10, 1954, as amended (7 U. S. C. 1703, 1721-1724); (3) [\$968,016,000] \$881,000,000 for the sale of surplus agricultural commodities for foreign currencies pursuant to title I of the Act of July 10, 1954, as amended (7 U. S. C. 1701-1709); (4) \$35,000 for grain made available to the Secretary of the Interior to prevent crop damage by migratory waterfowl pursuant to the Act of July 3, 1956 (7 U. S. C. 442-446); (5) [\$129,000,000] \$422,950,000 for strategic and other materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products and transferred to the supplemental stockpile pursuant to Public Law

- 1 540, Eighty-fourth Congress (7 U. S. C. 1856); and (6) [\$1,056,500 for transfers to the appropriation "Diseases of animals and poultry" pursuant to authority contained under such head in the Department of Agriculture and Farm Credit Administration Appropriation Act, 1959; and (7) \$1,607,000] \$715,000 for transfers to the appropriation "Marketing research and service" pursuant to the Act of August 31, 1951 (7 U. S. C. 414a), for grading tobacco and classing cotton without charge to producers, as authorized by law (7 U. S. C. 473a, 511d)
- 2 : Provided, That the amounts provided herein may remain available until expended for the purposes for which appropriated but without regard to the year in which the unrecovered costs were incurred.

The first change in language would delete the provision for reimbursement for advances to the appropriation "Diseases of animals and poultry" for animal disease eradication activities. This language is no longer necessary due to the provision of a direct appropriation to the Agricultural Research Service for this purpose beginning with the fiscal year 1960.

The second change would (1) provide that the appropriation remain available without fiscal year limitation; and (2) authorize the application of unused balances of funds provided under this head against unrecovered costs in the subsequent year for the activity in which the balance arose.

Amounts presently specified in the language represent estimated costs of the various activities during the current year. Due to uncontrollable factors which cannot be accurately forecast, these amounts may differ from amounts later determined to be due on the basis of actual cost determined at the close of the fiscal year. The proposed language would allow balances which may so develop to be applied against unrecovered costs for that activity in the subsequent fiscal year. The use of balances in this fashion will in no way affect the program level of any of the activities involved. Such levels

are determined by law and by the conditions which exist in the year the costs are incurred. If any unused balances should develop in fiscal year 1961 the effect would be to reduce the amount required to be appropriated in fiscal year 1962. At present any amounts unneeded to reimburse CCC for the actual costs of the individual activities revert to the Treasury.

GENERAL PROVISIONS

Section 401: Provides authority for the purchase, replacement, and hire of passenger motor vehicles. The following changes are proposed in this section for 1961 (new language underscored; deleted matter in brackets):

Sec. 401. Within the unit limit of cost fixed by law, appropriations and authorizations made for the Department under this Act shall be available for the purchase, in addition to those specifically provided for, of not to exceed /four hundred and twenty-five/ three hundred and thirty-seven passenger motor vehicles of which /four hundred and twenty-three/ three hundred and thirty-two shall be for replacement only, and for the hire of such vehicles.

The estimates propose the acquisition of 337 passenger motor vehicles from funds provided in the Agricultural Appropriation Act. The number is exclusive of 98 for the Forest Service. Of the 337 vehicles proposed for acquisition, 332 would be acquired to replace existing vehicles and 5 would be purchased without exchange of old vehicles. These five additional vehicles are required by the Agricultural Research Service: Two automobiles for official travel at the new National Animal Disease Laboratory at Ames, Iowa which it is expected will be in operation late in the fiscal year 1961; and one additional automobile each at Riesel, Texas; Morris, Minnesota; and Watkinsville, Georgia for official use of additional scientists being added to the staff of these soil and water conservation research laboratories. The vehicles proposed to be replaced will all be at least six years old or will have mileage in excess of 60,000 miles at time of disposal. However, where vehicles are involved in accidents or where automobiles are operated over very rough terrain, it may become necessary to replace a limited number in the fiscal year 1960 which will be less than six years old or will have mileage less than 60,000 miles at time of replacement. A more detailed justification for the need for acquisition of the 337 vehicles appears in the justifications for the applicable agencies.

Section 402: Provides that provisions of law prohibiting or restricting the employment of aliens shall not apply to employment under the appropriation for the Foreign Agricultural Service.

Section 403: Provides that funds available to the Department of Agriculture shall be available for uniforms or allowances therefor as authorized by the Act of September 1, 1954, as amended (5 U.S.C. 2131).

Section 404: Prohibits the Department from issuing any prediction or forecast with respect to future prices or price trends on cotton, except as to damage threatened or caused by insects or pests.

Section 405: Prohibits, with certain exceptions, the purchase of twine manufactured from commodities or materials produced outside the United States.

Section 406: Provides that not less than \$1,500,000 of the appropriations of the Department for research and service work authorized by the Acts of August 14, 1956 and July 28, 1954 (7 U.S.C. 427, 1621-1629), shall be available for contract research and service work.

Section 407: Prohibits the use of any funds provided in the Act for publicity or propaganda purposes to support or defeat legislation pending before the Congress.



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